Preserve

R 30/1/53

App. F. IX-4

Previous References

1930

File No. 200-49

Serial Nos. 1, 2, 3

5, 6, 7, 8 & 9

P. 196 (E)

Later References

17-235-31 (1-2)

G.T. 166-34 (1 & 4)

General and Revenue Secretariat.

Fin. 251-96(1-9)

Serial Nos. 9

Part B for Feb. 1931

SUBJECT.

Floatation of a New Loan — 1930

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9) To Comptroller, Heads of Depts & D.C.'s c/Bdrs

No H 6373-426 of 13.2.31

Passes orders on the final report regarding above loan

Dwg

General and Revenue Secretariat. GF File No. 4339/200 of 1929.

Serial No.	
1	From the Comptr No 1791 S.G. dated 3rd April 1930 Indicates the lines on which action has to be taken in connection with the new loan to be floated. Financial Secretary's orders on this D.— 1) Please Register and return quickly with references This has been registered and returned with the following references a Loan Notification No 98 dt 25-8-20 throwing open the 6½% loan to the public Do — No 98/GF 6-21-47 dt 9.7.21 regarding the 1921 loans 3 GF 6-21-32. Re facilities offered to the govt employees to subscribe to the loans of 1921 4) Copy of order No 4476 GF 289-19-1461 dt permitting the investment of the Insn amounts in the loan.— 5) GF 289-19-157 — Relating to the question of affording facilities to pensioners to invest the commuted values of pensions — 6) Do No 5520-80 GF. 88-27-S.D. 11.1.28 re 6 years Fixed Deposits — 7) Do No. Nekkilebbal Bridge loan.

The connected 'A' collections have been submitted to the Dt Secy yesterday

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N

P

File

NOTE—Contn. sheet. N1

WD 066—GPB—30,000—26-7-29

2 Subd with the above references.

1285/574

HSen 1

5.4.30

3) FLOTATION OF THE NEXT LOAN.

There are certain points in connection with the next loan which require early consideration and orders.

Firstly- I Time of flotation,

II. Provisional terms of the Loan, &

III. Obtaining permission of the Government of India to receive subscriptions from investors in British India.

I. Time of flotation

P.U.D

The Comptroller has discussed three alternatives:-

The first is, to notify our loan before the Government of India enter the market and to invite subscriptions from outside the State also. Sir Osborne Smith, the Managing Governor of the Imperia Bank whom Mr.Shamanna happened to meet at Madras in August last gave the opinion that the earliest time to enter the market was in May, if we could secure the permission of the Government of India to announce our Loan before theirs. He thought that we should have to offer 5 per cent tax free at 97 or 97½.

Since this opinion was given Bank rates have fallen all the world over, except in India where the ruling rate is still high, and owing to unexpected political disturbances and other causes the security Market is rather unsteady.

The financial position of the Government of India has, however, been improved by additional taxation and in his Budget speech Sir George Schuster stated as his view that " everything points to a period of cheap money for some time to come." The newspapers report that the Finance

Member interviewed Sir Osborne Smith at Bombay on the eve of his departure to England on 5 months' leave, about the Government of India next loan. The information given in the papers is that the interest likely to be offered by that Government will be low. As pointed out by the Comptroller it is desirable to await for the passage of events and avoid as far as possible the contingency of our terms proving either too generous or too low Then again it is very unlikely that the Government of India would accord sanction to our entering the British Indian Market for cash subscriptions before they had retired from the field. We have been told (vide Residency letter of 29th July 1920) that if " ultimate resort to the British Indian Money Market is intended, the Government of India would prefer to have an opportunity of discussing the terms of the loan." We cannot approach the Government of India unless we come to a provisional settlement about the terms of the loan. The first alternative will have, therefore, to be ruled out.

1920 Page 39 of Printed collection P

The new money that the Government of India expect from the public is about Rs 7.4 crores and including our requirements the total cash investment will be within 9 crores which may not be too much to be expected from the investors in the whole of India provided the terms offered are favourable, and there are no disturbing factors.

The second alternative is to enter the Loan Market simultaneously with the Government of India after ascertaining their terms; but to defer accepting cash subscriptions from investors in British India until after the Government of India loan is closed. This was the procedure that was adopted in respect of our 6½% 1920 Loan

The Imperial Bank rate is now 6 per cent and it will probably settle down at 5 per cent in the course of next month. It is not easy to forecast when the Government of India loan will be announced. We should not however be surprised if their notification issues within 5 or 6 weeks from now. That time would be suitable for us too.

The case for the third alternative which was followed in 1921 viz., to enter the Loan Market once for all after the closure of the Government of India Loan, is as follows:-

We will be able to ascertain how the Government of India Loan will have fared and we can confidently vary suitably our terms to ensure complete success.

We must expect that the bulk of our subscriptions will be from outside the State. Experience has shown that the local investor is naturally shy in the beginning and will make up his mind only when subscriptions pour in from British India. The 7% Loan which is proposed to be converted is mostly held by investors in British India. To the holders of these Bonds the flotation of the Government of India loan will not be a matter of much consequence. What matters to them really is the attractiveness of the conversion terms to be offered by us. On the other hand delay in the announcement of our loan involves the risk of some savings in the State being attracted into the Government of India Loan besides our losing the chance of collaring British Indian Capital which might prefer our loan to that of the Government of India.

The Government of India can have no valid objection to our inviting subscriptions in the form of 7 per cent bonds even when the loan is an

offer if it is understood that as on previous occasions we should throw open our loan for cash subscriptions in British India after they had retired from the market

All things considered, it would be prudent to follow the arrangement adopted in the past and

(1) to notify in the State the terms of our loan immediately after the Government of India loan is announced;

(2) to throw it open to the investors in the State in the first instance;

(3) to receive subscriptions tendered in the form of 7% bonds by investors outside the State also; and

(4) to issue a revised notification inviting subscriptions throughout India after the closure of the Government of India Loan.

The time of flotation and periods of offer of our last Loans as compared with those of Government of India Loans of the relative years were as follows:-

1920 - Government of India Loan.

Date of announcement .. 20th June 1920
On offer from 5th July to 14th August 1920.

Mysore Government Loan.

Date of notification .. 29th June 1920
On offer from 1st July to 30th September within the State - from 15th August to 30th September outside the State.

1921 - Government of India Loan

Date of Notification .. 6th June 1921.
Open from 20th June to 30th July 1921.

Mysore Government Loan.

Date of notification .. 9th July 1921.
Open for subscriptions within the State from 1st August 1921

A revised notification inviting subscriptions from outside the State was issued on the 1st August 1921.

The following provisional dates are suggested:-

For issue of our Notification ~~if~~.		15th June
Open for subscription within the State.	...	1st July to 31st Oct.
For conversion throughout India.	...	-Do-
For cash subscriptions in British India.	...	From date of closing Government of India loan to 31st October.

In view of the magnitude of the next loan I propose a period of 4 months against 3 months fixed on previous occasions. Option may be reserved for closing the loan for cash subscriptions without notice ~~after 30th September 1930~~ earlier

II (~~2~~) Terms of ~~our~~ Ku Loan.

It has been decided that the amount of our next loan should be Rupees Three crores. Of this Rupees two crores will be earmarked for the replacement of the 7% Loan due for redemption on 1st November 1931 and the rest of the proceeds will be utilised for restoring the ~~xxxxxx~~ treasury cash balance to the required standard and for financing future Capital expenditure.

The Comptroller suggests that the amount of the Loan should be raised to at least 3½ crores so as to provide also for the conversion of the Fixed Deposits amounting to Rs 65 lakhs. — Vide A - infra — The service charges of a loan of Rs 4 crores and the available resources are as follows:

Demand - Interest @ 5¼.	...	22 lakhs
Sinking fund annual instalment to be compounded at 5 per cent for an average period of 16 years.	...	15 lakhs
		37 lakhs

7

Resources - Interest and Sinking fund charges of the 7% loan to be ~~relieved~~ released from 1st November 1931 ... 29 lakhs

Interest on the 7% loan Sinking Fund already built up Rs one crore ... 5 lakhs

Interest on 65 lakhs of Fixed Deposits released ... 3 lakhs.
37 lakhs.

A We do want Rs 3½ crores and even something more to meet our demands and stabilise our Capital position. If the response to our loan is favourable we may accept subscriptions in cash and in bonds together, up to an aggregate amount of Rs 4 crores.

While we are equipped to go in for Rs 4 crores it is best to approach the market with a more moderate demand of Rs 3 crores only as already settled. The public will take the amount easy. If per chance the loan is not successful we will have to face the market again next year with better terms. There may be 2 issues (i) Short term bond and (ii) Long term loan, both free of income-tax. A tax free loan will, under present conditions be more attractive than one subject to income-tax.

The 7% bond was issued for 10 years and the 6½% loan for 20 to 30 years. The 6¼% Loan is due for discharge in 1940. The earliest date for discharging the 6½% scrip is 1941. I think the currency of the short term bonds proposed to be issued may be fixed at 12 years, and the long term loan may be issued for 20 to 30 years as on the last occasion.

The Government of India 5% tax free loan 1945-55 is just above par and the suggestion of Sir Osborne Smith made in August last was an issue of a 5% paper free of tax at 97 or 97½. On this basis the effective rate of interest to be offered to attract investors will be about 5¼%.

Higher interest on the par value will

probably appeal to the ordinary investors better than an issue at a discount with a lower rate of interest even though the return is the same in both cases.

It seems preferable to adopt both the forms of issue. Provisionally the 12 year bond may be issued at par at 5¼% and the long term loan at a discount of 97½ at 5%. These are provisional rates. The exact terms of issue will of course have to be settled in due course after the Government of India Loan is announced.

III (३) Obtaining the persmission of the Government of India to invite subscriptions in British India.

When the flotation of the loan in 1921 was under contemplation the Residency was addressed on 2nd April 1921 to obtain the required permission of the Government of India in general terms. We said -

Page 19 of 1921 printed collection

" Some of the large productive public works undertaken by the Durbar are still in progress and it is necessary to float another public loan for financing them. The amount required is about 1 crore of rupees. The loan will be announced at a suitable time for subscription within the State in the first instance. And according to the arrangement adopted in regard to the last loan it will be thrown open, if the Government of India have no objection, to investors outside the State after the next loan of that Government is closed."

Before however going up to the Government of India, the Resident wanted information under the following heads:-

I Dates of flotation.

(a) In State
(b) In British India

9

II. Ability of Mysore revenues to bear and

(a) Interest
(b) Sinking fund charges of this and previous loan.

III. Terms on which it is proposed to offer this loan.

IV. List of Public Works to be financed with expert opinion as to the productiveness and grounds on which opinion is held.

Page 24-26 of this correspondence

Our reply furnishing the required information was sent on 25th May 1921 and the Government of India sanction was received on 7th July 1921. It is after the receipt of this sanction that the loan was announced for subscriptions even within the State and a revised notification was issued on 1st Aug. 1921 throwing open the loan throughout the India after the closure of the Government of India loan.

We may notify to the Residency our intention to float a loan in the following general terms.

The 7% loan of about 2 crores Rs is due for redemption on 1st November 1931. It is proposed to replace it by another loan carrying lower rate of interest and retain the built up Sinking Fund for strengthening the liquid against unfunded debt-liabilities resources. With the conversion offer, cash subscriptions for an additional loan of about Rs one crore will also be invited for financing the large productive works viz., Irwin Canal and the Bangalore Water Supply Project.

The loan will be announced at a suitable time for subscriptions within the State in the first instance and if the Government of India have no objection the holders of 7% in British India will also be permitted to tender their bonds for conversion. The loan will be thrown open with the permission of the Government of India to investors of outside the State after the next loan of that Government is closed.

The time of flotation of the loan and the

exact terms of offer will be communicated in due course as soon as ~~possible~~ they are settled."

2. Secondly - The other matters relating to the loan may be dealt with under the following heads:-

IV. Conversion facilities

V. Form of issue of the Securities

VI. Inducements ~~for~~ to subscribers within the State.

VII. Invitation to the Government Bankers for co-operation in the flotation ~~of loan~~

VIII. Form of the loan notification, Printing of the bonds and other matters incidental to the flotation of the loan.

IV. Conversion facilities.

(i) Re. 7 per cent loan.- If the currency of the new loan should begin from 1st November, one year's interest at 7% will be due to the holders of the bonds. The difference between this and the rate of interest of the new loan (5¼%) is 1¾. It would be desirable to offer this difference as the premium for conversion. To those bond holders who tender the bonds for conversion into the new loan before the end of July 1930, interest at 7% for the half year (1st May to 31st October) plus the bonus of 1¾ per cent as well as ~~int~~ interest from date of application to 31st October at the new rate may be paid

The bonus may be paid either in the form of cash or may at the option of subscribers be taken towards ~~contribution~~ subscription to the new loan. The holder of the 7 per cent bonds may be permitted to convert them into the new loan under either issue.

(2) Re. 5½ per cent repayable in 1929-47.- It

4

It has not been considered necessary to issue a notice for the redemption of this loan in cash. The scrip, subject to tax, is below par. About 8.80 lakhs is the outstanding amount of this loan. - Facilities for conversion of this scrip to the 6½% loan were given on the condition that an equal amount of the par value of the bonds, should be purchased. Similar terms may be offered on the present occasion for conversion into the 5 per cent loan. The holder of a 5½% 100 Rupees bond may offer it into ₹ 97½ and obtain instead 200 ₹ bonds of the 5 per cent loan

(3) As proposed by the Comptroller 5 per cent Savings Bank Fixed Deposits and 5 per cent Akki-Hebbal Bridge loan debentures may be accepted as equivalent to cash at the face value for subscription into the new loan.

(4) The Comptroller suggests the acceptance of the Government of India Treasury bills and their 1930 and 1931 6 per cent bonds even when the Government of India loan is on offer by giving an undertaking, if necessary, that we will offer them for conversion into the Government of India loan and will grant them for cash payment. This is an important matter which requires separate consideration in view of the recent cancellation of the privilege of exemption from Income-tax of Government of India securities purchased by Indian States in the Special form.

There will be no objection to accept these Securities as cash subscription at the market value without giving any undertaking to the Government of India.

It is not likely that holders of our 6½ and 6½% loan bonds will ask for conversion If they do so, the bonds may be accepted as cash subscriptio

or terms to be settled by the Comptroller, having regard to the market for these Securities

V. Form of issue.- The Securities will as usual be issued in 2 forms (1) ~~State~~ Stock and (2) Pro notes. The question of issue of Bearer bonds or Special Pro-notes with bearer interest coupons attached was considered in 1921, but for want of sufficient time to arrange for the printing of such bonds, the proposal was dropped. I think we may notify in our next loan prospectus that Bearer bonds with interest coupons attached will on application to the Comptroller ~~be~~ issued later in exchange of bonds in the form of Pro-notes which alone will be issued over the counter.

There are at present no rules issued under the Mysore Securities Regulation in respect of payment of interest or renewal etc., of the Bearer bonds. Rules on the model of the Government of India rules - 21 to 31 have to be notified after previous publication. The Comptroller may be requested to submit draft proposals in this behalf at once

Copy of G of I Sec Regn & Sign Sec Manl put up

VI. Inducements to subscribers within the State. The proposals of the Comptroller in para 6 of his letter are in order and may be generally approved.

VII. Invitation to Bankers for co-operation. The Mysore Bank may be addressed as proposed by the Comptroller in para 5; Whether it is possible to have the loan underwritten by any Bank or other influential persons is another point that is suggested by the Comptroller. Deputation to interview wealthy persons in Madras and Hyderabad may be considered. The Comptroller's proposal to offer brokage at 4 annas for large block of Rs 50,000 and over if purchased within a date to be specified, and at 2 annas per cent in other cases may be approved.

VIII. Form of Notification etc.

1) The Comptroller has submitted a skeleton form of the Notification. I have indicated some alterations on the form which are self explanatory. There should be ~~xx~~ two notifications, one for inviting subscriptions within the State in the first instance, and another throwing open the loan to the whole of India with the permission of the Government of India.

Draft incorporating the amendments also accompanies ✓

2) The action proposed to be taken re Printing and other incidental matter (vide para 7 and 8 of the letter) is in order. I understand we have sufficient quantity of water-marked paper. The design has been shown to Mr Dew

3) As a measure of reciprocity the Government of India have issued a general notification exempting all Durbar Securities from British Indian Income-tax No further action is necessary as suggested in para 4(e). 4) We have however to address the Governmentof India to exempt from stamp duty the interest receipts ~~dra~~ drawn in British India in respect of the new loan.

This will be specifically mentioned in ~~an~~ our application for permission to float the new loan in British India for cash subscription.

For perusal and orders.

1st Member)

✓
30.4.30

OFFICE OF THE ... COUNCIL
... 1930
No GG28

4339/F

14

App. F. III—2]

General and Revenue Secretariat. G.F. File No. 200 of 1929.

Serial No.

DEWAN'S OFFICE. 6 - MAY 1930 4351

4 I agree with the Financial Secretary that we should announce the terms of our loan soon after those of the next loan of the Government of India are notified. For several reasons our loan should be a little more attractive than that of the Government of India and we shall be in the best position to decide upon the terms to be offered to make our loan a success if we know the conditions ~~and issue~~ of the loan of the Government of India

5 It is not now possible to determine with any degree of precision, the rate of interest or the yield on investment or the period of currency of loan and these points will have to be settled at the time of notifying the loan. One point may, however, be settled now and that is th loan or loans raised might be free of tax as tax free issues are popular with the investing public.

6 What is now necessary is that we should inform the Residency that we propose to float a loar as soon as it is found convenient to do so and that, if at the time the Government of India loan also is on offer, subscriptions from outside the State will be accepted after that loan is closed. We might add that the loan will be for conversion of the existing seven per cent. loan as also for cash subscriptions. I do not think it is neces-

sary

NOTE—Contn. sheet.

WD 066—GPB—30,000—26-7-29

Serial No.

necessary that we should tell them for what works or purposes we propose to take cash subscriptions. I do not also think that we need ask for any definite permission of the Government of India for accepting subscriptions from investors outside the State after the Government of India loan is closed. It would be sufficient, I think, if we inform them that in accordance with previous practice, we shall throw open our loan for outside subscriptions after the Government of India loan if any, on offer at the time is closed.

7 As regards the amount of the loan, our object should be to effect the conversion of the whole of the Seven Per Cent. issue as well as the Five Year Five Per Cent. Savings Bank deposits and also to obtain in cash a sum sufficient to meet our capital demands in the next two or three years and to restore the holding of securities to the level at which it should be maintained as an adequate reserve against liability funds. The conversion or redemption of the 5½ Per Cent. Loan might also be attempted as part of the next loan operation. It is unlikely that holders of 6¼ and 6½ Per Cent. Loans will surrender their bonds for conversion. If there are any applicants for such conversion, suitable terms might be offered to them. Provision might be made for the issue of Bearer Bonds also as suggested.

Returned from Council

Dewan 6-5-30 6.5.30 2/5/30

NOTE—Contn. sheet

General and Revenue Secretariat. File No. 209 of 1929

Serial No.

Must cover the slip be treated as should be complete and transmitted in future cases h

14035 8/5

Ufs. 7/8.

Please put up a D.F.N h 7/5/30

Subd. with a D.F.N.

NW 8/5 Typed D.F.N. put up for consideration AD 8/5/30

7 Secy.

6782 10/5

1st Members h 10/8/30. AD

Secy 12/8/30 h

11 Secys with D.F.N h 13/8 AD

14-8-30

17

Submitted to His Highness

12

I submit herewith a Final Note by the First Member of Council on the subject of Flotation of the Next Loan --

for His Highness' gracious approval.

Mirza M. Ismail
Dewan.

14-5-30

19

of tax as tax free issues are popular with the investing public.

What is now necessary is that we should inform the Residency that we propose to float a Loan as soon as it is found convenient to do so and that if the Government of India loan also is on offer at the time, cash subscriptions from outside the State will be accepted by us after that loan is closed. We might also add in our communication to the Residency that the loan will be for conversion of the existing 7 per cent Loan as also for cash subscriptions. I do not think it is necessary that we should tell them for what works or purposes we propose to take cash subscriptions. Nor need we ask for any definite permission of the Government of India for accepting cash subscriptions from investors outside the State after the Government of India loan is closed. It would be sufficient, I think, if we inform them that in accordance with the previous practice we shall throw open our loan for outside subscription after the Government of India loan, if any on offer at the time, is closed

As regards the amount of the loan, our object should be to effect the conversion of the whole of the 7 per cent issue as well as of the five-year 5 per cent Savings Bank Deposits and also to obtain in cash a sum sufficient to meet our capital demands in the next 2 or 3 years and to restore the holding of securities to the level at which it should be maintained as an adequate reserve against liability funds. The conversion or redemption of the 5½ per cent loan might also be attempted as part of the next loan operation. It is unlikely that holders of 6¼ and 6½ per cent loans will surrender their bonds for conversion. If however there are any applicants for such conversion suitable terms might be offered to them.

(F. N. I.—contn.)

As suggested by the Financial Secretary, provision might be made for the issue of Bearer Bonds also in notifying the next loan.

The Dewan agrees with my views and I submit the proposals for His Highness' gracious approval.

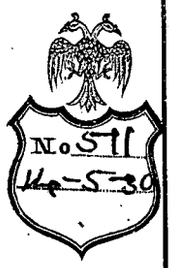
Page 15 of office Note

M V Venkata Rao
FIRST MEMBER OF COUNCIL.

12-5-1930

U

Record of Cases submitted for the Orders of His Highness the Maharaja.



Subject.

14 Proposals for the floatation of the next Loan.

512

Order.

C. Secy
M
22-5-30

15 KRM
19/5/30

22

General & Revenue Secretariat. | 97 File No. 200 of 1929

Serial No.

Draft of a Demi-Official letter to Major Loch who is in charge of the Residency is put up for consideration.

Dewan thro' I Member.

DEWAN'S OFFICE. 24 MAY 1930 4973

24.5.30

24-5-30

24/5/

WD 2343—GPB—500—12-3-29

General and Revenue Secretariat | G.7 File No. 200 of 1929

Serial No.	To
2	Major Lorch, Do. no. 4128 S 24.5.30
	Informs that the 7 percent Loan floated in 1921 is to be redeemed next year & the question of replacing the said loan by another is under consideration & this conversion operation has to be attempted soon as it is not desirable to defer it.
3	From The Same gentleman no C 7862/3.80 S 29.5.30
	Requests to be informed of the amount & terms of the proposed loan & to be furnished with fuller information about the proposed loan.
4	From The Same gentleman no. C 7941 S 5.6.30
Stop	Brings certain, at the instance of the Govt. of India, to notice certain aspects in connection with the proposal.

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

Serial No.

17 The Residency letter dated 25th June 1930 regarding our next loan, is forwarded, with compliments, to the Financial Secretary. The news that we have received that the Government of India would not raise a loan this year does not appear to be well-founded from what is stated in this letter. I do not think it will be advisable for us to wait until the Government of India loan has been closed.

18 The arrangement which has already been decided upon, has, I think, to be followed. I believe that the discussion on this subject with Sir B.N.Mitra will be tomorrow. A suitable reply has to be sent to the Residency in which we shall have to reserve freedom for announcing our loan at the time we consider it is favourable for its success.

Mud 27.6.30

19 The Financial Secretary discussed this morning with Sir B.N.Mitra the question of the floatation of our next loan. As regards the terms and conditions of the loan ~~of loans~~ Sir Mitra appears to have generally agreed with the views expressed by the Financial Secretary. Sir Mitra believes that there might be an attempt in the very near future on the part of the Government of India to ease the political situation. In view of this he is of the opinion that it would be well to wait for some short time, say a week or ten

WD 01684—GPB—30,000—20-4-29

days

Serial No.	
	if it is raised after the Government of India loan is closed. In view of this there might not be much risk in our entering the money market after the Government of India loan is out of the way. But there is one point which has to be considered in this connection. We do not know when the Government of India are going to announce their next loan or during what period they are going to keep it open for subscription. We can not afford to go on indefinitely waiting until the Government of India loan is announced and closed; nor can we if it becomes quite necessary in view of circumstances that might hereafter arise, forego our right to announce our loan for subscription within the State even if the Government of India loan is open at the time If, however, the Government of India loan is unlikely to clash with ours and the interests of our ~~own~~ loan will not be adversely affected by our waiting until the Government of India loan is closed, we might well comply with the request of the Government of India. If their loan is announced soon and if it is on offer for three or four weeks, I do not think the ~~par~~ prospects of our loan would suffer if it is raised after the closure of the Government of India loan
	21 If we decide upon deferring our loan until after the Government of India loan is out of the way, I think it is advisable to take one precaution. It is necessary that the holders of our

WD 01684—GPB—30,000—20-4-29

Serial No.

our bonds in British India and Indian States should know that we also propose to raise a loan shortly and that they would have an early chance of obtaining a safe re-investment for the proceeds of their maturing securities. We might arrange to have this point published in the Notes or Correspondence columns of some of the important news~~xp~~ papers in Bombay and elsewhere where our bonds are largely held

DEWAN'S OFFICE 3 - JUL. 1930 46

A

22 In view of what is stated above, a reply somewhat on the lines of the draft put up, might issue in answer to the latest Residency letter.

Dewan 1/7/30 h 1.7.30

JM 1-7-30

Note for reference as this subject is also ~~subje~~ submitted as desired. h

23 Draft revised as submitted. Dewan h 2.7.30

24 I have for this reason drop which may now be accepted.

JM 3-7-30

CFFICE Received in Simla 3 JULY 1930 No. 62

25 For personal perusal before issue 1st meeting h 2.7.30

5. To. major Clock-no. CB-102 & 4.7.30. states that the Durbar will wait for sometime before deciding on the conditions & terms of the loan

Mack 3/7/30

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

Jobn 4/7

To chief secy with compliments h 3/7

29

Draft

A

32 TO ALL BIG HOLDERS of 7% bonds

As announced by the Dewan of Mysore in his address

~~In his opening speech to the last~~ Representative Assembly ~~the Dewan of Mysore~~ ~~announced on 13th June 1930 that~~ the Government of Mysore ~~had decided~~ to ~~issue~~ raise a ~~new~~ loan which will provide for cash subscriptions as well as for conversion of the Mysore 7% Loan bonds due for repayment on 1-11-1931. The terms of this ~~new~~ loan will be announced ~~very~~ shortly, ~~(within the next few weeks)~~ and it is hoped that holders of the ~~7% bonds will not fail to~~ avail themselves of the ~~attractive~~ opportunity afforded terms of conversion which will be offered to them.

The holders of the 7% bonds will therefore have an early opportunity for re-investment

2. The loan will be free of both Mysore and Government of India Incometax and will ~~-~~ consist of two issues one a short term bond and another a long term loan to both of which the 7% loan of 1931 will be allowed (to be converted).

Option to convert

9.7.30

Comptroller.

10/7/30

30 Draft To be published in newspapers.

B

We learn that the Government of Mysore will announce ~~its new loan~~ the terms of proposed to raise shortly ~~and that a~~ loan provided facilities ~~will be provided~~ for the conversion of the Mysore Government 7% ~~loan~~ Bonds due for discharge on 1st November 1931. ~~It is hoped that this~~ The holders of these Bonds will therefore have an opportunity for ~~investment will be largely availed of by the~~ early - - ~~holders of the 7% bonds~~ them for re-investment.

9.7.30.

Comptroller.

(10.7.30

App. F. III—2]

General and Revenue Secretariat | G.7 File No. 200 of 1939

Serial No.	To
2	S. Shanmuna Esq D.O. no. 7H 1918.10.7. to Request him to address the big holders of 7 per cent bonds as per draft enclosed.
3	Interviewed Sir B. N. Mitra on the 11th inst. I have explained the result of the interview to the 1st member. A memo has also been placed in the enclosed cover. 4 11.7.30.

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30.

Rajasevaparayana
B. SRINIVASIENGAR, Esq., B.A., B.L.
Financial Secretary to Government

OFFICE OF THE FINANCIAL SECRETARY TO THE
GOVERNMENT OF MYSORE,

Dated, Bangalore,.....193

Sir B. N. Mitra's interview memo.

As previously arranged I met Sir B. N. Mitra on the 11th instant at 4 P.M. and discussed finally with him the question of the floatation of our next loan.

His considered advice was as follows:

1. Time of floatation: -

Following the suggestion made by the Govt. of India we might, we observed, wait for some time; at any rate till the end of July 1930. He added that if that Govt. did not enter the loan market before the 1st week of August, it was not likely that they would float a public loan this year. We might go ahead then and commence the taking in of subscriptions by the middle of August. If however, in the meantime the Govt. of India loan was announced, we might adjust the time of floatation with due regard to the period of the offer of their loan.

2. Terms of the loan: -

Sir Mitra's view was definite in regard to the long term loan. He recommended a 5 p.c. loan for issue at a discount of ½ at 95, as an open loan. The period of currency might be 25 years. No limit need be announced & subscriptions might be

Serial No.

FLOTATION OF NEXT LOAN.

34 The short term 7 per cent loan floated by the Mysore Government in 1921 is due for redemption next year, that is, on 1st November 1931. The total amount outstanding is about Rs 195.57 lakhs. The question of replacing this loan by a lower rated scrip has been under the consideration of Government for some time

35 Four years ago, i.e., in the Dewan's Address to the Mysore Representative Assembly, June 1926, the following statement was made:-

" The 7 per cent loan of 1921-22 amounting to Rs 195-57 lakhs is repayable in 1931-32 when it is expected a sum of Rs 29 lakhs will be released from the debt service. I think it necessary to anticipate the release of the greater portion of this sum by making arrangements for the conversion of the loan in good time or for raising a new long term loan to repay the balance of the old loan."

36 In January 1928 sanction was accorded to a scheme of five-year fixed deposits in the Savings Bank carrying interest at 5% per annum. Under this arrangement a sum of about Rs 66 lakhs has been so far received. This debt has to be funded. Option has been given to the investors of these deposits for converting them into the new loan that might be floated before the deposi fall due for withdrawal

P.T.O.

NOTE—Contn. Sheet.

WD 3120—GPB—500—2-5-30

Serial No.

38 Government have recently undertaken the construction of the New Bangalore Water supply Project estimated to cost about Rs 50 lakhs. For the execution of this work and for carrying out Capital Works in progress in the Railway, Electrical, Irrigation and other departments, the current year's budget provides for a capital grant of about Rs 78 lakhs

39 It is accordingly proposed to float a conversion cum cash loan as soon as it is convenient to do so.

40 While it is within the competence of the Mysore Government to float the loan within the State at any time (vide Mr. (later Sir) Banerjee's D.O. letter of 13th August 1920 to Mr.Barton and Sir Kantaraj Urs's D.O. of 25th May 1921 to the Resident) the permission of the Government of India will have to be obtained for throwing it open to investors outside the State.

41 Our intention to float a new loan was notified to the Residency in the Dewan's D.O. letter of 24th May 1930 in which we stated as follows:-

" If at the time of the announcement of our loan, any loan of the Government of India is on offer, our loan will, in accordance with the previous practice, be thrown open for cash subscriptions from outside the State after the former is closed

42 The views of the Government of India in regard to the flotation of our next loan have been

WD 3120—GPB—500—2-5-30

Serial No.

been communicated to us in the Residency letter of 25th June 1930 in the following terms:-

(1) "Conditions at present are not favourable for the issue of a loan partly because the political situation is making investors shy and partly because the Bank rate is still 6% and rates for money in the market are comparatively high.

(2) An issue in July might clash with the Government of India loan and it would seem advisable for the Mysore Government to wait until the Government of India loan is out of the way when they will have a free field and will also be in a better position to judge what terms are to be offered to make the loan a success."

43 The conditions of the money market are being closely watched and it is the intention of the Government to announce the loan when the circumstances are most favourable for its -- success. There will be no objection to wait for some time, as advised by the Government of India, for deciding upon the conditions and terms of the new loan. But as it is not known when the next loan of the Government of India will be announced or how long it will be on offer, it is difficult to decide what would be the best time for the announcement of our loan.

44 As stated above, one of the main objects of the proposed loan is the conversion of the 7 per cent bonds due for discharge next year and the acceptance of these bonds as subscription to

WD 3120—GPB—500—2-5-30

Serial No.

48 The terms of the Government of India New Loan are announced. It will be on offer from the 28th July to the 6th August 1930 inclusive.

DEWAN'S OFFICE
25. JUL. 1930
364.

49 I think our Loan may be opened for subscription both in and outside Mysore simultaneously soon after.

50 The Government of India have offered six per cent subject to tax for a short loan of 3 to 6 years. The period of currency of our Loans will have to be much longer and the terms may be definitely settled in the course of the next week.

51 In the meantime it is necessary to inform the Government of India that we propose to open our Loan for subscription throughout India soon after their loan is closed; i.e., after the 6th August 1930. In accordance with the reciprocity arrangement between Mysore and British India a general exemption from British Indian income-tax on interest on Durbar Securities has been notified. Vide G.I.Notification of 25th July 1922 flag V.

52 In the case of Stamp Duty, however, a similar general exemption has not yet been given. In view of the reciprocity arrangement that subsists between the Government of India and the Mysore Government, we may apply for permission to notify in the New Loan Prospectus that receipts given for interest paid in British India will be exempt from British Indian Stamp Duty.

53 A draft to the Residency is accordingly put up for approval.

First Member.)

24.7.30

Dewan.

24-7-30

24-7-30

× Stamps is a Provincial item of revenue. h

Note—Contn. Sheet

WD 2343—GPB—500—12-3-29

Today 25/7 54 Do chip duly with compliments.

Serial No.

1930 LOAN PROSPECTUS.

D

57 I submit for consideration and orders a draft of the New Loan Notification.

2. Approval of His Highness has already been obtained for the flotation of a Loan of about Rs Three Crores. It has been settled that the Loan should be issued free of Income Tax. It will be exempt from British Indian Income Tax also under a general arrangement of reciprocity entered into with the Government of India.

3. Orders have now to be passed regarding the time of the flotation and the terms and conditions of the Loan.

4. Under the directions of the Dewan I consulted Sir B.N.Mitra, Chairman of the Banking Enquiry Committee regarding the prospect of the money market and the terms of the Loan, which would have to be offered to make it a success. A brief memo of my interview with him on the 11th July 1930 is placed in the file

Flag 'B'

5. The advice given to us in the Residency letter of ..25th June 1930.. was that we ~~should~~ might wait for the settlement of the terms of our Loan and its flotation, till the Government of India Loan was announced and they were out of the field.

'C'

6. The Government of India Loan will be on offer till the 6th August and we have intimated to the Residency that we propose to announce our loan soon after and that a copy of the Loan Notification will be sent to them in due course.

2

The Loan Notification may be published

WD 3120—GPB—500—2-5-30

Serial No.

published on the 7th instant and subscriptions may be accepted in and outside the State simultaneously from the 15th. It would be well to give an interval of 8 days.

Under the reciprocity arrangement the permission of the Government of India has been asked for exemption from British Indian Stamp Duty in respect of receipts for interest on the New Loan presented in Br Indian Treasuries and when the sanction is received, it will be notified to the public that receipts for interest paid on the New Loan will be exempt from British Indian stamp duty. Vide A in the draft.

7. The Government of India Loan is floated at 6 per cent subject to tax with a short currency of 3 - 6 years. The net return is 5.41.

Financial circles consider this (~~i.e.,~~ Rs 5-6-6 per cent) as a very liberal rate, probably necessitated by political considerations. In the light of all available information, our proposals have now been finally drafted and submitted for orders. The draft prospectus has been shown to Sir Charles Todhunter, Private Secretary to His Highness

8 It is considered desirable to have two issues (1) an eight year bond with a slightly better yield than that of the Government of India; and

(2) a twenty-five year loan of about the same effective rate as that of the new Government of India Loan.

The draft accordingly provides for an issue of (i) 5½% bond repayable at par in 1938, and (ii) 5% loan issued at 95% and repayable at par in 1955 (Net yield of this scrip including redemption is about 5·4 or Rs 5-6-0 per cent).

NOTE—Contn. Sheet.

WD 3120—GPB—500—2·5·30

Serial No.

12. Arrangements are being made with the Mysore Bank and Imperial Bank of India for receiving applications and issue of bonds over the counter. The co-operation of some big banks (such as the Eastern Bank ~~Branch~~, Bombay) is also being invited in ~~to receive~~ the matter of receiving applications from the investors and credit the amounts to our account with the Imperial Bank &c. Their replies are awaited.

DEWAN'S OFFICE. 1. AUG. 1930

13. The question may, if approved, be considered in Council on the 4th instant.

Dewan Rao (1st member)

1.8.30.

1.8.30

1-8-30

To chief Secy with Compliments.

1-8-30.

WD 5120—GPB—500—2-5-30

43

Extract from the Proceedings of the 862nd *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 4th August *1930*

Subject. -

Prospects of the New Loan.

...

OPINION OF THE COUNCIL.

59 **The proposed terms of the loan may be approved. The notification may be published on the 11th August 1930. The publication should be simultaneous in Mysore State, Bombay, Calcutta, Madras, etc. arrangements being made to send advance copies to the several places so as tc reach them on the 11th August.**

60 **Subscriptions to the loan may be received from the 15th August, as proposed in the draft notification.**

(Sd) Mirza M. Ismail,
Dewan of Mysore

"EXTRACT"

W Meadows

Chief Secretary to Government.

To Fw Secy with Compts
MG
4/8/30

P.T.O

WD 433—GPB—1,000—1-9-30

Serial No.

61 If approved, further action will be taken according to Council Resolution, anticipating His Highness's sanction to the terms of the Loan etc.,

62 A draft to the Residency forwarding for information 2 copies of the Loan Prospectus is also put up for approval. This draft will be issued on the 8th evening so that the communication may reach the Residency on the next office day, 9th and 10th being Holidays.

63 Exemption from payment of stamp duty in respect of receipts for drawing half-yearly interest on the new loan bonds has been applied for. As the sanction has not yet been received a reminder to this request has been embodied in the present letter to the Residency.

DEWAN thro'
FIRST MEMBER.

h
6-8-30.

6-8-30

6-8-30

64 To Chief Secretary with compliments for issue of draft with the Resy. Share copies of the Loan Prospectus are placed in the Pth.

h
7.8.30

(Issued)

WD 5120—GPB—500—2-5-30

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

46

By applications on ~~25-8-30 & 26-8-~~1930.

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	10,70,290	7,72,713½	14,02,236	22,27,935
2. ,, 7% Bonds of 1931 ...	67,450	4,70,475	8,77,602½	15,47,227
3. ,, 5½% conversion Bonds 1929-44 ...	-	-	40,000	-
4. ,, 5% S. B. Fixed Deposits.	58,800	-	9,19,100	-
5. ,, 5% Akkihebbal Debentures	-	-	26,000	-
6. ,, Govt. of India 6% Bonds 1931	-	1,500	38,600	22,100
7. ,, do 1932 ...	-	50-500	1,000	57,500
8. ,, do 1933-36...	-	9,37,500	-	10,17,000
9. ,, do Treasury Bills.	-	-	-	-
10. ,, Fixed Deposits in Mysore Bank	-	-	-	92,750
11. Under advance scheme ...	-	2,000	46,500	1,24,300
12. By conversion of P. F. balance ...	~~1,00,000~~ 10,400	22,600	1,00,200	2,42,700
13. ,, Life Insurance Scheme..	22,800	-	36,800	44,000
Total..	12,29,740.	22,57,288½	35,20,037½	43,75,542.
II. By Telegraphic intimation received ~~today~~ 25-8 .. 26-8 ..			3,88,500 5,17,800	35,100 5,50,800
III. By Telegraphic intimation received to end of yesterday for which applications are not yet received			31,65,700	10,97,400
Grand Total ..			76,92,037½	60,58,842.
				1,36,50,880.

Analysed by treasuries, etc.—

1. Comptroller	30,87,232
2. Treasuries	6,11,208
3. The Bank of Mysore, Ltd.	15,09,300
4. The Imperial Bank of India & Branches	40,27,140
5. Other Banks	18,57,000
6. Cochin.	~~25,76,000~~
Total..	1,36,50,880.

COMPTROLLER'S OFFICE,

Bangalore, dated 28th August *1930.*

K Y Datti
for *Comptroller.*

COM166J-600-18-8-30

General and Revenue Secretariat | File No. | of 193

30 AUG. 1930
1410

Serial No.	
10	Subd. with a D. F. N. as directed. WW 29/8 — D.F.N. considered — 29.8.30 H Sley D. F. N. submitted. (Vide also Dewan's note in P.R. linked file) (Dr. Mueller) 29.8.30 Mueller 30 & 30
11	Subd with a submission note (typed) as per order. WW 3/9 — 3.9.30 H Sley Dewan 2/9/30

Note—Contn. Sheet

Submitted to His Highness

4/8

I submit herewith a Final Note by the First Member of Council on the subject of floatation of Mysore Loans, 1930, for His Highness' gracious perusal. The total amount subscribed for as per information so far received is Rs. 207.50 Lakhs.

M N Venkatachar

OFFG. DEWAN.

Bangalore,

3rd September 1930.

Final Note by the First Member of Council.

Subject:-

73 Floatation of Mysore Loans - 1930

With the approval of His Highness, intimation was sent to the Residency of our proposal to float a loan as soon as it was found convenient to do so and they were also informed that if at the time of the announcement of our loan, any loan of the Government of India was on offer, our loan would be thrown open for cash subscriptions from outside the State after the former was closed.

2. In the Residency letter of 25th June 1930 we were given to understand that the Government of India contemplated the issue of a loan possibly in July 1930 and that it would seem advisable for the Mysore Government to wait until their loan was out of the way. We proposed to act on this advice. The Government of India announced their new loan carrying interest at 6 per cent. redeemable in 3 to 6 years on the 23rd July 1930. It was on offer till the 6th of August 1930. And intimation was sent to the Residency in our letter of 25th July that it was proposed to open the Mysore Loan for subscription in and out of the State soon after the Government of India loan was closed

3. The terms of our loan prospectus have been examined in detail in the Finance Department in consultation with the Comptroller and the result of such examination has been briefly indicated in the Financial Secretary's note dated 1st August 1930. The whole question including the draft loan prospectus was considered at the Council Meeting held on 4th August 1930 when the following resolution was recorded:

These figures include a sum of Rs 25.79 lakhs and another of Rs 9.59 lakhs subscribed by the Cochin and Travancore Durbars respectively

Bangalore,
30th August 1930.

M N Venkatachar

MEMBER OF COUNCIL.

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

5-2

By applications on ~~1st~~ 3rd September 1930.

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	5,87,462	19,84,619	21,64,542	48,60,200
2. ,, 7% Bonds of 1931 ...	1,41,307½	2,34,662½	38,16,234	26,90,977
3. ,, 5½% conversion Bonds 1929-44 ...	4,400	-	44,400	-
4. ,, 5% S. B. Fixed Deposits.	60,000		14,50,300	1,00,000
5. ,, 5% Akkihebbal Debentures	-	-	89,500	-
6. ,, Govt. of India 6% Bonds 1931	45,000	3,900	63,600	26,000
7. ,, do 1932 ...	10,100	17,100	11,100	74,000
8. ,, do 1933-36...	-	-	8,000	10,51,000
9. ,, do Treasury Bills.	-	-	-	-
10. ,, Fixed Deposits in Mysore Bank	77,550	-70,704	77,600	89,850
11. Under advance scheme ...	2,000	8,600	81,600	1,34,600
12. By conversion of P. F. balance ...	-	5,900	1,09,100	2,51,000
13. ,, Life Insurance Scheme..	3,300	1,000	66,600	65,800
Total..	9,31,699½	21,00,577	76,05,126	91,18,031.
II. By Telegraphic intimation received ~~today~~ 1-9-30			1,10,000	5,000
do 2nd Sept-30 (Cable Hyderabad)			50,000	2000
			-	6,1000 (Cable)
III. By Telegraphic intimation received to end of yesterday for which applications are not yet received			28,13,000	5,09,000
Grand Total ..			~~90,28,126~~	~~96,31,031.~~
				1,09,60,457.
Telegram 2nd Sept				50,000
Mysore Bank 27th Augh 2nd Sept				61,000
Analysed by treasuries, etc.—				
1. Comptroller				1077.000
2. Treasuries				20,750 Cable
3. The Bank of Mysore, Ltd.				
4. The Imperial Bank of India & Branches				
5. Other Banks				
Total..				

COMPTROLLER'S OFFICE,

Bangalore, dated 3rd September *1930.*

Key. Delta
Comptroller.

COM166J-600-18-8-30

1239/8

C27
53

3242
16.9.

General and Revenue Secretariat

GJ 200 – 29

OFFICE OF THE THIRD MEMBER OF COUNCIL.
16 SEP. 1930
No. 582

74 Flotation of Mysore loans

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

75 Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Fin'l Department.

16/9

3158/1879

FIRST MEMBER OF COUNCIL. 18/9

2251/1879

SECOND MEMBER OF COUNCIL. 17.9.30

3508/1879

THIRD MEMBER OF COUNCIL.

16/9

Financial Secy, with Compts

19/9/30

NOTE.—Contn. sheet E725

General & Revenue Secretariat. | 97 File No. 200 of 1929 | 55

Serial No.

Flag 'R'

Flag 'P'

76 I submit for perusal and orders the Comptroller's Preliminary Report on the New Loan position.

2. According to the latest figures, the total subscription is about Rs 283 lakhs and we may well expect to realise Rs 3 crores in the next few days

3. The question now for consideration is whether the Loans should be kept open for the full period of offer viz., up to the end of October 1930 or whether the option to close either or both the Loans for cash or other subscriptions should be exercised.

4. The main objects of the flotation of the Loan were:-

Firstly; Replenishment of the Treasury Cash balance to run Governmental business without depending on overdrafts on Banks, as a standing arrangement.

Secondly; Replacement of the 7% bonds due for discharge on 1st November 1931.

Thirdly; Bringing up the liquid reserve to be maintained against the liability funds to the level of safety prescribed in the Government Order of 25th February 1930.

Excluding the 7% loan sinking fund which is now to be released, the deficiency in the liquid reserve according to the prescribed standard is about Rs 113 lakhs. This will now be made good by the transfer of securities in the 7% loan sinking fund, the market value of which is about Rs 113 lakhs, to the General Investment account.

6.96
35 Im. Mac
19.9.30

NOTE--Contn. sheet

WD 589—GPB—300—27-8-29.

Serial No.

6. There is another important demand also to be considered:

We expect to close the current year's Budget with a cash balance of Rs 100 lakhs after providing for the full capital requirements of this year.

If as pointed out by the Comptroller the Capital Expenditure from 1931-32 onwards be limited to the ordinary incomings under Debt heads viz., Rs 30 to 35 lakhs, no further borrowing over and above Rs 360 lakhs would be necessary. But there are certain commitments in respect of large Capital Works viz., Irwin Canal Works, New Bangalore Water Supply Project etc., which would demand an aggregate provision of about Rs 100 lakhs in the next 3 or 4 years.

I assume that from next year onwards the progress of the Irwin Canal Works will be slowed down as already decided. I have elsewhere pointed out that in the interest of an orderly progress in finance the total expenditure on all capital accounts including Normal Capital Works and Special works of magnitude should not exceed on an average Rs 60 lakhs per year. As about Rs 35 lakhs may be expected out of the accretions to Savings Bank and other Deposits (after providing for the necessary liquid reserve) the extra provision required for financing the Capital Works programme would be about Rs 25 lakhs per year.

On this basis a sum of Rs 75 lakhs would be required for the next 3 years. To meet this demand about Rs 30 lakhs would become available out

NOTE--Contn. sheet

WD 589—GPB—300—27-8-29.

Serial No.

contribution of about Rs 15 lakhs there will be adequate provision for the discharge of both these Loans on the due dates.

10. It has been calculated that an annual contribution of Rs 15.11 lakhs invested at 5 per cent compound interest would amount to about Rs 144.29 lakhs at the end of 8 years. The accumulated fund would fall short of the estimated short term Debt by about a crore. And to this extent resort to temporary borrowing would probably be necessary by anticipating future contributions to the Loan Sinking Fund.

11. My suggestion is that a consolidated Sinking Fund should be formed for both the New Loans with an annual contribution of Rs 15.11 lakhs that will be left in the Revenue budget after meeting the interest charges. This contribution should be paid over to the Fund for the full period of 25 years. During the first eight years the Fund should accumulate with interest also compounded. Thereafter it is sufficient if the Fund gets only the annual contributions, the Revenue Budget being allowed the benefit of the interest accruing on the Fund in each year.

12. On this basis the Sinking Fund would have at its credit Rs 145 lakhs in 1938 and an additional Rs 255 lakhs in 1955. The former would fall short of the demand in 1938 by about Rs 100 lakhs but the latter would cover this up and also provide for the full discharge of the 5 per cent Loan in 1955.

NOTE--Contn. sheet

WD 589—GPB—300—27-8-29.

Serial No.

13. We require about Rs 400 lakhs for the several purposes mentioned above and with the funds available in the Revenue account we are able to meet the interest charges on the said debt and also to provide for a Sinking Fund for discharging the same.

Flag 'P'

14. According to the latest Progress Report (17-9-30) the total amount of 7 per cent Bonds so far tendered for conversion into the New Loans is about Rs 80 lakhs. Bonds aggregating Rs 115 lakhs yet remain unconverted. The present market value of this scrip is in the neighbourhood of Rs 101-4-0 We have offered Rs 101-8-0. It is difficult to understand why the 7 per cent Bond holders are slow in coming forward to reinvest their holding in the New Loans.

15. But as matters now stand, we cannot entertain much hope of the bulk of the outstanding 7 per cents being collared into our Loans. It is therefore necessary that the Loans should be kept open both for cash subscriptions and for conversion for the full period of the offer viz., up to 31st October 1930 unless we realise Rs 400 lakhs earlier.

16. I solicit orders on the above proposal.

18.9.30

DEWAN thro'
THIRD MEMBER.

I agree to the suggestions

NOTE--Contn. sheet

WD 589—GPB—300—27-8-29.

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Serial No.

9 the Financial Secretary to keep the loan open to the end of Oct 1930. It is desirable if possible to raise at least 4 crores. As regards his proposals for calculating the Sinking fund and the adjustment of the capital programme the matter may be further considered in Council

Jn
19/5/30

WD 01684—GPB—30,000—20-4-29

DEWAN'S MINUTE.

FILE No. 210 1929

It is sufficient for the present to continue to make the present rate of sinking fund contribution and leave the other questions to be solved when they arise for consideration

2 A very close study of the cash balance position from time to time is necessary with a view to invest all surpluses and earn the largest possible interest on them for meeting as far as possible the additional expenditure involved in the current year on loan floatation operations for which no special provision has been made in the budget.

3 The case may be circulated and submitted to His Highness.

21/9/30

To Chief Secy with Compliments
21.9.30

4 P.S. Progress report of the Subscription to the Loans - 19.9.30 - is placed in the file.

C.S
22/9/30.

64

For Disposal by Circulation.)

No. C. 92

..... 1930-31

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT

85 Report of the Comptroller to Government, regarding the progress of the new loan and the question of keeping the loan open till 31st October 1930 unless Rs. 400 lakhs are realised earlier.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

25th September 1930.

~~Extraordinary Member of Council~~

3278/25 First Member of Council. CSM/25/9

2488/29 Second Member of Council. 28/9/30

772/26.9.30 Third Member of Council. 27/9 Signed Final Note as put up

27/9

Submitted to His Highness.

I submit herewith a Final Note by the Third Member of Council on the progress of the New Loan

for His Highness' gracious approval.

M R Venkatarama Rao
Offg. Dewan.

mk

Final Note by the Third Member of Council. 67

Subject:—

PROGRESS OF THE NEW LOAN

88 In continuation of Rajakaryaprasakta Diwan Bahadur Mr. M. N. Krishna Rao's Final Note dated 30th August 1930, I beg to report that a sum of Rs310.5 lakhs has already been subscribed for during a period of forty days, consisting of 40% of 5 per cent bonds and 60% of 5½ per cent bonds, ending 25th September 1930. We have therefore the option now to close either or both issues according to the prospectus. The Financial Secretary has accordingly submitted a note pointing out the need for keeping the loan open both for cash subscription and for conversion for the full period of the offer, as our object is to effect the conversion of the whole of the 7% Bonds as well as of the 5 year 5% Savings Bank Deposits and also to obtain in cash a sum sufficient to meet our Capital Demands in the next few years and to restore the holding of securities to the level at which it should be maintained as an adequate reserve against liability funds.

89 It is therefore proposed to keep the lists open until we realise 4 crores of rupees.

90 When the papers were forwarded to the Dewan he minuted as follow:-

"We may borrow 4 crores as proposed.

As soon as subscriptions in all forms to the loans approach this amount, action may be taken to close the lists. The date of closure should be settled and intimated to all the banks and treasuries authorised to receive subscriptions

The Annual General Revenue Account cannot afford to bear a larger demand on account of loan sinking

funds than the present contribution for them. The future annual contributions to the new 5 and 5½ per cent loans may be fixed at the amount now being set apart for the sinking fund for the 7 per cent loan.

It is true that at the rate of the sinking fund contribution suggested above, we shall not have in 1938 the sum required for the discharge of the 5½ per cent loan, the proceeds of which are now estimated at 2½ crores. This is a short term debt and it is impossible to build up a sinking fund sufficient for its redemption in 1938. The works for which the loan proceeds will be used will have a much longer life than 8 years and it is not necessary that the loans raised for them should be repaid at the end of that period. It is calculated that about a crore and a half will be available in 1938 and this amount, I think, is quite sufficient for meeting any demands of bond-holders for the cash discharge of their bonds. When the 5½ per cent loan is due for discharge a conversion offer has to be made and a large number of bond-holders would accept the offer. It should also be our object to replace the 5½ per cent loan by a less onerous and longer dated liability if the conditions for such conversion are favourable even before the date when its currency expires. It is unnecessary to consider now how the question of the sinking fund should be dealt with in 1938 or before that year if a conversion operation is attempted earlier It is sufficient for the present to continue to make the present rate of sinking fund contribution and leave the other questions to be solved when they arise for consideration

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

92 Progress Report of the New Loan.

138

Order.

KRW

30/9/30

Mcc
2/10/30

Mcc
2/10/30

Serial No.

95 Draft Subd NW 6/10 96 Issued 6/10/30

To Complr
No C/2 Dated 7.10.30.
State that action should be taken to close the lists as soon as subscriptions in all forms to the loans approach four crores.

4088/29.x

From the Secy. to the Hon'ble the Resident
Letter No. 7856 Dy. 15/10/30.
States that a general remission of the duty chargeable on receipts given for interest paid in Br. India on the Securities of the Govt. of Mysore was sanctd. in Govt. of India Notn. No. 430 Dy. 16/6/1923.

97 Draft to Comptr. Sd. 28/10

98 Done Dy 30.10.30

7 Letter No. 3915 Dy 1.11.30 to the Comptr forwarding for information copy of the above letter received from the Residency.

8 Letter No. 2023 Dy 17.11.30 from the Comptr. forwarding a Statement showing details of the total subscriptions received for the loans amounting to Rs 4,15,86,400 face value.

9 Said: What has now been sent by the Comptr. is now only a Preliminary Report of our Loans. The receipt of the final

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

2166 pe

App. F. III—2] 73

General and Revenue Secretariat — File No. 200 of 1929/1

Serial No.

DEWAN'S OFFICE 2605 19 NOV. 1930

report promised in the last para of the Comptroller's letter may perhaps be awaited

W 18/11 W 100 The Press communique received will be sent to the Publicity Office after approval.

OFFICE OF THE THIRD MEMBER OF COUNCIL 19 NOV. 1930 No. 1741

101 The preliminary report on the loan operations has been received and indicates a total subscription of 4, 15, 86, 000 face value. The result is very satisfactory and the expectations have materialized.

102 The final report promised in the last para of the Comptroller's report may be awaited. A detailed review of the whole loan operations will be sent up including the

103 In the meanwhile the press note suggested by the Comptroller may be published.

18.11.30

3d member)

Dewan)

104 A communique may be issued

105 The Comptroller report may be sent up

issued separately

W 21/11

20/11/30

OFFICE OF THE THIRD MEMBER OF COUNCIL 21 NOV. 1930 No. 1812

106 D. F. N. is sent up

W 21/11/30 Fair type as revised

21.11.30

108 with a D. F. N.

3d member) 21.11.30

Signed F. N. is put up

24/XI

NOTE—Contn. Sheet

Final Note by the Third Member of Council. 76

Subject:—

THE NEW LOAN

Page 70 of Office Notes

112 With His Highness's gracious approval, subscriptions to our New Loans were kept open both for cash and for conversion up to a total limit of 4 crores of rupees for the full period of offer, i.e., to end of October 1930

113 I submit herewith, for the gracious perusal of His Highness, the Preliminary Report on our Loan operations submitted by the Comptroller which shows that subscriptions have been received for Loan paper of the aggregate face value of Rs 4,15,86,400 and that our Loans have thus been fully successful. There were on the whole, 5075 applications, of which 1342 related to the 5% Loan of 1955 while the remaining 3733 were for the 5½% Bonds of 1938. The details of subscriptions received have been embodied in a Press Communique issued for the information of the public.

MEMBER OF COUNCIL.

Bangalore,)
22nd Novr. 1930)

2166/78 78

General and Revenue Secretariat

113 Preliminary report on the Mysore Govt Loans

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members,

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

R. Rangachar

Asst. Chief Secretary to Government.

Through the Secretary to Government,

Financial Department.

27.11.30

FIRST MEMBER OF COUNCIL. CSM 7/12

SECOND MEMBER OF COUNCIL. 29/11/30

THIRD MEMBER OF COUNCIL. 29/11/30

Final seen with Comptr

8/12/30.

53248 1/12/30

4627 29/11

1986 28/11

11485 9/12

NOTE.—Contn. sheet E725

When is Municipal report expected?

9/11

General and Revenue Secretariat | G. 7 File No. 200 of 1930

Serial No.	From
9	The Comptroller no 2459 & 23.12.30 Submits a final report on the operations connected with the recent loans Ub Subd. with a draft review on the lines of 1921 G.O. as directed on the O.M.D. M.A.D. & N. also is put up.
	KW 24/12
118	A typed draft review & a typed D.O.N. for consideration on the lines of the previous G.O. as called for.
	A.D. 29.12.30
	H.Secy.
119	Clean draft of Resn.
	L 10.1.31
120	Fair draft subd
	KW 13/1
	A.D. 13.1.31
	H.Secy.
	3rd Member L 13.1.31
	A.D.
	R
	17/1/31
	Dewan Nikdom. L 17.1.31
	Mr. A.D.
	18/1/31

Flag N
(G.O. no. H 4606-15/G.7
6-21-328 8/18 2.29

The preliminary report also is tagged with the O.M.D & is marked 8 & 8

DEVELOPMENT OFFICE
1 JAN 1931
29180

OFFICE OF THE THIRD MEMBER OF COUNCIL
13 MAR. 1931
No. 3657

Rd 12/1

NOTE—Contn. Sheet

87

Final Note by the Third Member of Council

Subject:

New Loans - 1930.

Page 76 of 122 Fin. Notes

In continuation of my Final Note dated 22nd November 1930 on the above subject, I beg to submit for the gracious perusal of His Highness, the Comptroller's final report on the Loan Operations.

123 The management of the Loan reflects great credit on the Comptroller and his staff. The expenses incidental to the operation, viz., commission, brokerage, establishment charges, etc., amounted to about Rs 93,000/- for a total realisation of Rs 416 lakhs while the corresponding expenditure in 1921 when Rs 2¼ crores were raised was about Rs 1 1/3 lakhs.

124 It is worthy of note that the flotation of the loan of this magnitude throws practically no additional burden on the Revenue Budget.

125 A draft of the Government Order reviewing the Report is also submitted for approval.

Bangalore,
17th January 1931.)

MEMBER OF COUNCIL.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

12/o Final report on the Loan operations - 1930.

366

Order.

~~KRM~~

30/1/31

4/2/31

83

177

General and Revenue
Secretariat

Final Report on the
Loan Operations - 1930.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members,

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Fin. Department.

5.2.31.

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

THIRD MEMBER OF COUNCIL.

Finlsecy with Compts.

7294
5/4
1149/29
6/2

NOTE.—Contn. sheet E725

128 Issue

Serial No.

9

fo: W: 6373-426 D. 13-2-31.

to. The Comptr:

The Heads of Depts:

The Dy: Commrs. of Dists.

Records the report with certain observations.

DEWAN'S OFFICE
Regd.
18. FEB. 1931

Previous

12/ Kind reference is invited to the 3rd member's Final note of 17th June 1931 and the Govt: review on the Wandoor operations.

13/ The new 5½ pc 1938 Bonds are quoted at a premium, going up to Re one per cent.

Dewan

18.2.31.

Please give this to me before sending to records.

19-2-31

4339 G.T. 200.29

Gowri K Rao 4/4/30

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 1791 /S.L. Six

Bangalore, dated 1st of April 1930.

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

5957/8/2

To

Rajasevaparayana B. Srinivasaiengar, Esq., B.A., B.L.
Financial Secretary to the Government of Mysore
Bangalore.

Sir,

With reference to para 3 of Government Order No.Fl.5719GZ. dated 25th February 1930 and in continuation of my D.O. reply on the subject dated 27th March 1930, I have the honour to state that in connection with the new loan to be floated, action will have to be taken as follows:-

1. Time of floatation of loan. There are three alternative suggestions :-

(i) to enter the market as soon as it ceases to be tight without waiting for notification of the Government of India Loan;

(ii) to issue the notification the day after the Government of India issue theirs, but to make our loan open for cash subscriptions in British India only after the expiry of the period of the Government of India Loan. In the meantime our loan will be announced for cash subscriptions inside the State and for conversion all over

(iii) to enter the market once for all after the Government of India loan's period expires.

The disadvantage about (i) is that we will not have the benef of the knowledge of the terms of the Government of India Loan and may offer something which may be either too high or too low. This will be present in the case of (ii), while (iii) will further indicate to us the results of the Government of India Loan and how it has fared, as in the past it has been found that the expectations of the Government of India have always been realised. In case (i) is adopted, we have

Imperial Bank of India, about the important terms and effective rate of interest to be offered. This may not be necessary in the case of (ii) and (iii).

2. The amount of the loan will have to be at least 3½ crores ~~as per details worked out below~~ so as to provide for the conversion of the Fixed Deposits amounting to 5 lakhs - 3. There will have to be two issues, one long dated and the other short dated, both free of income-tax and all conversions that were shown in previous floatations will have to be adopted in the present case also. A skeleton notification describing the detailed procedure is put up. Issue rate and rates of interest will have to be entered later on. It should be possible for us to make the loan a success with an effective rate of 5¼ to 5½% free of tax. The loan notification assumes that course No. (ii) mentioned in para (1) is going to be adopted. The terms of the last Government of India loan and our previous loans have all been incorporated in this. Whether any attempt should be made to get the cash loan under-written by a Bank or to get promises of subscription from influential persons to support to the loan is a matter for consideration. The usual commission will, ofcourse, be offered to recognised Bankers and Brokers as mentioned in para 25 of the skeleton notification.

4. The special features in this notification are.-

(a) the calling for 'conversion subscriptions' from British India even when the Government of India list is open as stated under ~~items 11 and 12 of the draft notification~~ para 4(b) below

(b) the issue of new bonds over the counter in exchange for other securities under specified conditions (vide para 21 of the Draft Notification

(c) Accepting at par our 5% Fixed Deposits and the Nyanza District Board 5% Debentures of Mkhihebbal Bridge loan as per the undertaking of Government.

4. The Finance Department will have to take action for getting the permission of or giving intimation to, the Government of India, as the case may be, in respect of the following:-

(a) Floating the loan in British India and receiving

subscriptions in cash in British India after the Government of India new loan list closed.

(b) Acceptance by us of Government of India treasury bills, ~~and~~ 1930 and 1931 6% bonds, in conversion for our new loan even when the Government of India loan is on the market by giving, if Government of India consider it necessary, an undertaking that we will offer them for conversion into Government of India loans and not present them for cash payment.

(c) Exempting our new loans from the British Indian Income-tax.

(d) Exempting the interest receipts for interest drawn on the new loan in British India from their stamp duty.

5. It has also to request the Mysore Bank.-

(a) to subscribe on behalf of their constituents a guaranteed minimum subject to such facilities which Government may agree to offer; and to subscribe from their own resources a certain amount.

(b) to advance money on favourable terms to the general public to enable them to purchase the new loan bonds; and

(c) to co-operate in the issue of the loan and undertake to receive subscription and issue bonds as on the last occasion.

6. In due course it has to issue separate notifications.-

(a) (i) affording concessions for subscription to the following as on the previous occasions;

(ii) advance of pay to Government Officers (vide G.O.No.Pl.285-G.F.6-21-32 dated 28-7-21

(iii) accepting State Life Insurance amounts as subscription. (vide G.O.No.Pl.2476-G.F.289-14-14 dated 22-9-20

(iv) taking commuted value of pensions as subscription to the loan. ~~(vide~~

(v) Transferring Provident Fund Balances to the new loan (vide G.O.No.Pl.317-G.F.6-21-4 dated 9-7-21.)

(b) authorising Treasury Officers to hold Government Securities in their official name temporarily for the purpose of issuing the new loans.

7. An order to the Superintendent, Government Printing to immediately execute all printing required by the Comptroller

in connection with the new loans is also necessary.

8. Action will have to be taken in this office ~~for~~ on the following

(a) Negotiating with the Banks for undertaking the issue of our new loans. The accompanying letter marked 'B' will be issued to the Banks mentioned in the draft loan notification, if Government approve;

(b) Arrangements with the Mysore Bank and the Imperial Bank of India, Bangalore for accepting their fixed deposits without any liability of theirs;

(c) Getting ready the subsidiary instructions to be issued to the treasuries and Banks and the several forms and interest tables to be used, and also office order for detailed procedure in my office;

(d) Arrangements with the Press for printing the new bond form

(e) Getting up a list of important holders of our 7% and 5½% loans so that we may send them in time, copies of the loan notification and application forms, without adding any kind of request for subscription;

(f) Necessary additional staff required in my office;

~~(g)~~ additional accommodation for their work and additional Budget Grant ~~regarding this.~~ for all expenses in connection with the loans. Regarding this I shall make a separate reference ~~for all expenses in connection with the loans.~~

(~~h~~) enquiring of Messrs. Coutts and Company if there is a better chance of floating the cash loan in London. I have a letter of enquiry to Messrs. Coutts and Co., (vide ~~copy~~ encl 'C' B');

(~~i~~) following the Government of India procedure, after loan notification is published, to address the Banks and to send up their bonds to be converted a week before the which the loan is open for subscription so that they may new bonds and anticipation and broken interest on the fi itself.

I have the honour to
Sir,
Your most obedient se

for Comptroller

'B'

Encl to G.J. 200-29-1

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

CONFIDENTIAL.

No. _____ /S.I

Bangalore, dated 2nd ~~April~~ *1930.*

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore

To

The Manager
Secretary and Treasurer,
Imperial Bank of India,

Sir,

I have the honour to state that with the permission of the Government of India, the Mysore Government propose to issue during the ensuing slack season, a loan of about Rs.1 Crore in cash and of about Rs.2½ Crores Conversion of the existing 7% Loan and other issues. The exact terms of the loan will be determined later. It is proposed to accept Government of India Treasury Bills and 6% Bonds 1930 & 1931 in lieu of cash under certain conditions. I have to enquire if you are agreeable to receive subscriptions for the loan and in the following cases deliver the bonds over the counter:-

(a) Cash subscriptions

(b) Where the holder of the Mysore Government bonds tendered for conversion is the person in whose name the security was originally issued or where the endorsements have been certified by the Comptroller (necessary stop lists will be supplied)

(c) Where the Treasury Bills are accepted by you and could be discounted locally at prevailing rates of discount and

(d) where the 6% Government of India bonds are examined by Public Debt Office in British India and accepted for enfacement to Bangalore.

In other cases temporary receipts will have to be given to the party and the securities forwarded to this office. This office will despatch the bonds in these cases direct to the applicants or through you.

Necessary forms and registers will be supplied.

If you are agreeable, kindly let me know what commission you would require for conducting this business apart from any brokerage which may be paid in accordance with the long notification for applications received through recognised brokers and Bankers. I should think that 1% may cover both these items.

I have the honour to be,
Sir,
your most obedient servant,

Comptroller.

Addd by Cambs

CB
2.4.36

C Encl to G.T. 200-29-1

Copy of letter No.107/Spl. dated 27th March 1930, to ~~from~~ Messrs. Coutts & Co., Bankers, 440 Strand, London, W.C.2. from the Comptroller to the Government of Mysore.

I have the honour to state that the Mysore Government intend to go in for a long term (say 20 to 30 years or so) Public loan amounting to about a crore of rupees for financing Irrigation and other capital works after the present busy season is over. The loan will be secured on the Revenues of the Mysore Government and will in all probability be exempt from Mysore Income Tax. The Mysore Government would like to know whether it will be possible to negotiate it successfully in London and if so at what rates of interest and under what conditions.

2. The favour of an early reply is requested.

"True Copy"

2.4.30.
Asst. Compt.

A

GOVERNMENT OF MYSORE.

FINANCIAL DEPARTMENT.

NOTIFICATION NO. BANGALORE DATED.....

[With the permission of the Govt. the Loan and the Terms for subscription thereto will be announced shortly.]

Mysore Government Loan 1930 A [as recited in No. 8]

THE GOVERNMENT OF MYSORE INVITE SUBSCRIPTIONS FOR AN ISSUE OF (a) ..... PER CENT LOAN .....(b) ..... PER CENT BONDS ..... BOTH ISSUES WILL BE OPEN FOR SUBSCRIPTION FROM .....1930, (AND WILL BE CLOSED) & WITHOUT NOTICE AS SOON AS IT APPEARS THAT THE TOTAL IN CASH AND CONVERSION AMOUNTS TO ABOUT (3½) CROREs (AND IN ANY CASE NOT LATER THAN .....) BOTH ISSUES WILL BE FREE OF INCOME-TAX BOTH IN THE MYSORE STATE AND IN BRITISH INDIA, BUT THE INTEREST WILL BE TAKEN INTO ACCOUNT IN DETERMINING THE RATE AT WHICH THE TAX WILL BE LEVIED ON OTHER INCOME. THE LOAN IS REQUIRED (TO AN EXTENT OF 260 LAKHS) FOR CONVERTING THE 7% LOAN MATURING ON 1st NOVEMBER 1931 AND THE 5% 5 YEAR FIXED DEPOSITS AND THE REMAINING 90 LAKHS) FOR MEETING CAPITAL EXPENDITURE ON (IRWIN CANAL WORKS AND BANGALORE WATER SUPPLY). BOTH PRINCIPAL AND INTEREST ARE SECURED ON THE REVENUES AND ASSETS OF THE GOVERNMENT OF MYSORE AND A SINKING FUND WILL ALSO BE FORMED OUT OF THE ANNUAL REVENUES OF THE STATE TO ENSURE THE REPAYMENT OF THE LOAN ON THE DUE DATE. SUBSCRIPTIONS IN CASH OR BY WAY OF CONVERSION WILL BE RECEIVED AT THE COMPTROLLER'S OFFICE, BANGALORE, ALL TREASURIES IN THE STATE, THE HEAD OFFICE AND BRANCHES OF THE BANK OF MYSORE AND THE IMPERIAL BANK OF INDIA, BANGALORE [AND TO] THE BANKS MENTIONED IN PARA 12 PROVIDED THAT SUBSCRIPTIONS IN CASH (BETWEEN —— AND ——) WILL BE RECEIVED ONLY IN THE TREASURIES AND BANKS WITHIN THE MYSORE STATE.

[ ] to be added in the Press Note to come with the Govt. Order.

B. to be omitted in recast Note.

SUBSCRIPTIONS TO BOTH ISSUES MAY BE IN THE FORM OF CASH, MYSORE GOVERNMENT 7% BONDS OF 1931, MYSORE GOVERNMENT 5½% CONVERSION BONDS OF 1929-44 AND MYSORE GOVERNMENT 5 YEAR 5% FIXED DEPOSITS. GOVERNMENT OF INDIA and 1932 TREASURY BILLS, 6% BONDS OF 1930 and 1931, MYSORE DISTRICT BOARD 5% DEBENTURES OF THE AKKI-HEBBAL BRIDGE LOAN AND FIXED DEPOSIT ~~DEPOSITS~~ RECEIPTS OF THE IMPERIAL BANK OF

INDIA AND THE MYSORE BANK WILL ALSO BE ACCEPTED, SUBJECT TO THE CONDITIONS MENTIONED UNDER "SUPPLEMENTARY PROVISIONS" BELOW

INTEREST ON BOTH THE LOAN AND THE BONDS WILL BE PAID AT ANY TREASURY OF THE STATE OR AT ANY DISTRICT TREASURY IN BRITISH INDIA OR AT THE BANK OF MYSORE.

I. ....PER CENT LOAN.

ISSUED AT .....RUPEES PER CENT

AND REPAYABLE AT PAR NOT EARLIER THAN 19... AND NOT LATER THAN 19.....

2. DATE OF REPAYMENT.- If not previously repaid the loan will be repaid at par on the ..... 19 ..... but the Government of Mysore reserve to themselves the right to repay the loan or any part of it at par on or after the ..... 19... on giving three calendar months notice in the Mysore Gazette. No interest will be paid af the expiry of the period mentioned in the said notice.

3. ISSUE PRICE.- The issue price will be Rs..... for every Rs.100/- of the loan applied for.

4. INTEREST. The loan will bear interest at the rate of .... per cent per annum from ..... 19..... Interest will be payable half yearly on ..... and .....

Interest from date of application to ..... 19..... inclusive will be paid at the time of issue of securities at the rate of ... per cent per annum on the nominal value the loan in respect of all subscriptions.

II. ... PER CENT BONDS

ISSUED AT (RS.....PER CENT) Par is

AND REPAYABLE AT PAR IN....

5. DATE OF REPAYMENT.- THE bonds will be repaid at pa on the ..... 19 .....

6. ISSUE PRICE.- The issue price will be Rs.....
for every Rs.100/- of the bonds applied for.

7. INTEREST.- THE bonds will bear interest at the rate of ..... per cent per annum from the ..... 19.....

Interest will be repayable half yearly on .....
and .....

Interest from the date of application to the ..... 19.. inclusive, will be paid at the time of issue of securities at the rate of ... per cent per annum on the nominal value of the bonds in respect of all subscriptions.

CONVERSION TERMS.

8. 7% Mysore GOvernment Loan of 1931 will be accepted in subscription to the loan or bonds as the equivalent of cash at Rs..... per Rs.100/-, nominal. Interest at the rate of 7% due on the bonds from 1st May 1930 to the date of application will be paid along with the interest on the new loan from the date of application to ..... at the time of issue of the new securities.

(9). 5½% MYSORE GOVERNMENT BONDS OF 1929-44 will be received at RS.....per Rs.100/- nominal. Interest on the 5½% bonds from ..... to the date of application, will, ater deducting incometax, be paid along with the interest on the new issues from the date of application to ..... inclusive at the time of issue of the new securities.

(10). 5% MYSORE GOVERNMENT 5 YEAR FIXED DEPOSITS.- THESE will be accepted at their face value. Interest at 5% on the Fixed Deposits will be paid from the last due date to the date of application along with the interest on the new issues from the date of application to ..... inclusive at the time of the issue of the securities.

(11). GOVERNMENT OF INDIA 6% BONDS OF 1930.- These will be accepted at the rate of Rs..... per Rs.100/- nominal. The interest on the bonds from ..... to date of application will be paid along with the interest on the new issues from the date of application to.....inclusive

at the time of the issue of the new securities.

(12. GOVERNMENT OF INDIA 6% BONDS OF 1931.- These will be accepted at Rs..... per Rs.100/- nominal. Interest on the bonds from the ..... to the date of application will be paid along with the interest on the new issues from the date of application to ..... inclusive, at the time of issue of the new securities.)

~~13.~~ GOVERNMENT OF INDIA TREASURY BILLS PAYABLE AT MADRAS AND BOMBAY.- These will be accepted as cash at their face value less discount at the rate of ..... per cent per annum on the unexpired portion of the currency of the bills.

(14.) MYSORE DISTRICT BOARD 5% DEBENTURES OF AKKIHEBBAL BRIDGE LOAN will be accepted at their face-value, interest being paid at 5% from ..... to the date of application along with the interest on the new issues from the date of application to ..... inclusive at the time of issue of the new securities.

(15.) FIXED DEPOSIT RECEIPTS OF THE IMPERIAL BANK OF INIDA, BANGALORE, MADRAS AND BOMBAY ~~xxxxxxxxxxxxxxxxxx~~ OR THE MYSORE BANK, BANGALORE, which fall due for repayment before 31st October 1931 may be accepted subject to the approval of the Bank authorities in each case. Interest on the Deposit Receipts will be paid at the rates mentioned therein from the last due date to the date of application at the time of issue of the new securities.

(16.) In all cases of conversion where the cash value of the securities presented is not an exact multiple of one of the denominations mentioned in paragraph .22. below, the subscriber will have to pay cash so as to make up for the difference between the next higher multiple and the said cash value.

Additional
SUPPLEMENTARY PROVISIONS.

17. CHEQUES should be drawn in favour of the Officer to whom the application is presented. Bonds will, in this case, be issued only after the cheques are realised.

18. At the State Treasuries depositors in the

GOvernment Savings Bank may present their Savings Bank Pass Book along with a withdrawal form in lieu of cash.

[~~19.~~ The following ~~Bons~~ Banks (vide Statement D attached) are authorised to receive the securities specified in paras 8 to 14 above in conversion for the new loan from ..... and cash subscriptions from .....]

(20.) The loan will be issued in the form of :-

(a) STOCK, the applicants for which will be given STock Certificates., or

(b) PROMISSORY NOTES.- If no preference is stated by the applicant, the securities will be issued in the form of Promissory Notes.

20 (21.) Promissory Notes will be issued over the counter:-

(a) In all cases where cash is tendered

(b) where Mysore GOVERNMENT 5% 5 year Fixed Deposit Receipts are tendered at the interest paying treasuries;

(c) Where the Mysore Government 7% loan of 1931, and 5½% bonds of 1929-44 are tendered after the endorsements are certified by the Comptroller or where the holder is the person in whose name a note has been issued and there are no endorsements;

(d) Where the Government of India 6% bonds of 1930-31 have been examined by a Public Debt Office in British India and the endorsements are certified by them to be correct.

Stock Certificates in all cases and Promissory Notes in cases other than those mentioned under (a) to (d) above will be issued later by the Comptroller to the Government of Mysore

and Bearer bonds

22. The Promissory Notes will be issued only in the following denominations.-

Rs.100, 500, 1,000, 5,000, 10,000, 25,000, 50,000, and 1,00,000.

Stock Certificates will be issued for any multiple of Rs. 100.

23. Applications may be in the form attached hereto or in any other form which states clearly the amount and description of the Securities required, the full name and address of the applicant the amount of cash or other securities tendered and the Treasury or the Bank at which interest payment is desired.

24. (a) Government of India Treasury Bills and Securities in the form of Pro-Notes tendered in lieu of cash should be endorsed as:

'Pay to the Comptroller, Mysore State.'

(b) If the securities are in the form of Stock Certificates, the transfer deed on the back of the form must be signed before a witness in favour of the 'Comptroller Mysore State

(c) Mysore Government 5% Fixed Deposit Receipts should be endorsed as 'contents received, please pay to the Comptroller, Mysore State.'

(d) Fixed Deposit Receipts of the Imperial Bank of India and the Bank of Mysore, should be blank endorsed and should be accompanied with a separate letter of authority addressed to the Managers of the Bank concerned empowering them to make over the Principal and interest on the fixed deposit receipts to the Comptroller to the Government of Mysore on maturity.

25. Brokerage will be paid at the following rates to recognised Brokers and Bankers in respect of applications bearing their stamps:-

(a) If the application is received on or before ..... (1) when the amount applied for is one Rs.50,000 or over ¼%; (2) when the amount applied for is less than Rs.50,000, 1/8% .

((b) If the applications are received after ..... at half the above rates.)

(In this alternative we may have one uniform rate of $\frac{1}{8}$ or $\frac{3}{16}$ %.)

26. The management of the loans and the bonds will be subject to the Rules in the Mysore Securities Ma[illegible] which are more or less analogous to those in the Securities Manual of the Government of India. A co of the Mysore Securities Manual may be obtained fr the Curator, Mysore Government Central Book Depot Bangalore City at a cost of annas 8.

2.4.30.

2.4.30

G. 71 200-29-2

Lake View
Darjeeling
26/5/30.

Draft D.O.

D.O. 4120
26/5/30

Dear Major Loch,

~~As you are doubtless aware, the~~ Our 7 per cent Loan floated in 1921 is to be redeemed next year i.e., on 1st November 1931. The question of replacing this loan by another, carrying a lower rate of interest has been under consideration for some time. ~~We propose~~ It is accordingly proposed to float the contemplated loan during this Calendar year as soon as it is convenient to do so. The Loan will be for conversion ~~of the existing 7 per cent Bonds (about Rs 2 crores)~~ as also for Cash Subscriptions. If at the time of the announcement of our Loan, ~~the~~ any Loan of the Government of India is ~~also~~ on offer, our Loan will, in accordance with ~~the~~ previous practice, be thrown open for cash subscriptions from outside the State after the ~~latter~~ former is closed.

and this Conversion operation has to be attempted soon as it is not desirable to defer it until the loan is due for discharge

~~A copy of the Notification announcing the terms and conditions of the Loan will be sent to you in due course.~~

Mackle
24.5.30

Yours sincerely,

P. T. Thorne M. Bowman

DEWAN.

ONFIDENTIAL
o.C/7854/380 of 20

THE RESIDENCY
Bangalore
29th May 1930

DEWAN'S OFFICE
30 MAY 1930
No. 962

G. 71 200-29-3

My dear Sir Mirza,

Will you kindly refer to your demi-official letter No.4128., dated the 24th May, 1930, regarding a loan to replace the Mysore Government's 7% loan of 1921, and to our conversation on the telephone on the 29th May

I have sent a copy of your letter to the Political Secretary and have told him that the terms of the loan are not yet known, but that it is hoped to issue it about July 1930.

Will you kindly let me know the amount and terms of the proposed loan as soon as they have been decided upon.

Will you also kindly refer to Sardar M. Kantharaj Urs' demi-official letter No.A, dated the 24th May 1921 and let me have fuller information about the present proposed loan for the information of the Government of India.

Yours sincerely,
G Stuart

To

Sir Mirza M. Ismail, Kt. C.I.E., O.B.E
Dewan of Mysore,
Bangalore

CONFIDENTIAL
No.C/7941/380 of 20

THE RESIDENCY
Bangalore,
25th June, 1930

G. 47 200 29 7

My dear Sir Mirza,

I am desired to refer to your demi-official letter No.4128, dated the 24th May, 1930, regarding a loan to replace the Mysore Government's 7% loan of 1921, and to my demi-official letter No.C/7854/380, dated the 29th May, 1930.

The Government of India ask that the following aspects in connection with the proposal may be brought to the notice of the Government of Mysore:-

(i) that conditions at present are not favourable for the issue of a loan partly because the political situation is making investors shy, and partly because the bank rate is still 6% and rates for money in the market are comparatively high: and

(ii) that an issue in July might clash with the Government of India loan; and that it would seem advisable for the Mysore Government to wait until the Government of India loan is out of the way when they will have a free field and will also be in a better position to judge what terms ought to be offered to make the loan a success.

I Member with Compts
27-6-30

Yours Sincerely,
G. Clark

To
Sir Mirza M. Ismail, Kt., C.I.E., C.B.E.
Dewan of Mysore,
Bangalore

Dear Sir,

I am desired to acknowledge the receipt of your confidential letter No.C7854/380 of 20 of June 25, 1930, communicating the views of the Government of India on the loan proposed to be raised by this Government.

In reply, I am to say that the Durbar are quite willing to act on the advice of the Government of India, and will wait for sometime before deciding upon the conditions and terms of their new loan. At the same time, the Durbar feel it necessary to observe that they cannot afford to wait indefinitely, as it is not known when the Government of India propose to float their loan and how long it will be on offer.

One of the main objects of the proposed Mysore loan is the conversion of the Mysore Government seven per cent bonds due for discharge in November 1931, and the acceptance of these bonds as subscription to the new loan would not interfere with the loan operations of the Government of India. Nor is it likely that the throwing open of our loan for subscription within the State will affect the Government of India loan. I am to state, however, that all the considerations mentioned in your letter will be kept in view for preventing, as far as possible, any clash between the two loans.

Yours sincerely,

Chief Secretary to Government.

Major G. Loch,
Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

G.F. 200-29-2

D. O. No. C/102/G.F.200-29

GENERAL AND REVENUE SECRETARIAT,

Dated, Bangalore, 4th July 1930.

Dear Sir,

I am desired to acknowledge the receipt of your confidential letter No. C. 7654/380 of 20 of June 26, 1930, communicating the views of the Government of India on the loan proposed to be raised by this Government.

In reply, I am to say that the Durbar are quite willing to act on the advice of the Government of India, and will wait for some-time before deciding upon the conditions and terms of their new loan. At the same time, the Durbar feel it necessary to observe that they cannot afford to wait indefinitely, as it is not known when the Government of India propose to float their loan and how long it will be on offer

One of the main objects of the proposed Mysore loan is the conversion of the Mysore Government seven per cent bonds due for discharge in November 1931, and the acceptance of these bonds as subscription to the new loan would not interfere with the loan operations of the Government of India. Nor is it likely that the throwing open of our loan for subscription within the State will affect the Government of India loan. I am to state, however, that all the considerations mentioned in your letter will be kept in view for preventing, as far as possible. any clash between the two loans.

Yours sincerely,

Major G. Loch,

Secretary to the Hon'ble

the Resident in Mysore,

Bangalore.

G.7/200-29-2

10th July 1930.

H 191/EL

Dear Mr. Shamanna

With reference to your U.O. Note No.16/Spl. dated the 9th instant, I am to request you to kindly address the big holders of our 7 per cent bonds as per draft 'A' herein enclosed.

You may also kindly arrange with the Publicity Officer to have the draft 'B' published in the Notes or Correspondence columns of some of the important newspapers in Bombay and elsewhere where our bonds are largely held.

Yours sincerely,

Sd/- B. Sreenivasa Iyengar.

To

S.Shamanna, Esq., B.A.,

Comptroller to the Government of Mysore,

Bangalore.

H192/EL dt 10/7/30.

Copy is forwarded with compliments to the Publicity Officer, for information and favour of necessary further action.

O/C. Financial Secretary to Government

Draft 'A'

TO ALL BIG HOLDERS OF 7% BONDS.

As announced by the Dewan of Mysore in his Address to the Representative Assembly which met last month the Government of Mysore propose to raise a loan which will provide for cash subscriptions as well as for conversion of the Mysore 7% Loan bonds due for repayment on 1-11-1931. The terms of this loan will be announced shortly. The holders of the 7% bonds will therefore have an early opportunity for re-investment.

G. 2 200 29.5

D. O. No.

GENERAL AND REVENUE SECRETARIAT,

Bangalore, 25th July 192 1930

Pol 87.

Dear Sir,

I am desired to invite reference to my letter No.C.B.102/G.F. 200-29 dated 4th July 1930 regarding the Loan proposed to be raised by the Mysore Government. The new Government of India Loan, the terms of which were announced in Finance Department Notification of the 23rd July 1930, will be on offer till the 6th August next and it is proposed to open the Mysore Loan for subscription in and out of the State soon after. A copy of the Prospectus defining the terms and conditions of our Loan will be forwarded to you in due course

It has all along been the practice to exempt from Mysore Stamp Duty the receipts for interest on the securities of the Government of India loans drawn from the treasuries in the State. Reciprocally, the receipts for interest on the securities of Mysore Government loans so far raised have been exempt from the Stamp Duty of the Government of India (vide your letters Nos.609-1-135-20 and 8910-135-1920 dated 9th July 1921 and 12th October 1921 respectively). I am to request that the permission of the Government of India may be kindly obtained very early for the exemption of the receipts on the loan to be raised this year, drawn in British India. I am to add that it will be convenient if a general exemption is accorded in regard to all loans of the Mysore Government. A similar general exemption is allowed in the case of the Government of India loans in respect of Mysore Stamp Duty.

Yours sincerely.

To

Major G. Loch, I.A.,

Secretary to the Hon'ble the Resident in Mysore, Bangalore.

D.O. Pol. 87 S) 25/7/3

Draft.

Dear Sir,

I am desired to invite reference to my letter No. C.B.102/G.F.200-29 dated 4th July 1930 regarding the Loan proposed to be raised by the Mysore Government. The new Government of India Loan, the terms of which were announced in Finance Department Notification of the 23rd July 1930, will be on offer till the 6th August ~~inclusive~~ next, and it is proposed to open the Mysore Loan for subscription in and out of the State soon after. A copy of the Prospectus defining the terms and conditions of our Loan will be forwarded to you in due cours

It has all along been the practice to exempt from Mysore Stamp Duty the receipts for interest on the securities of the Government of India loans drawn from the treasuries in the State. Reciprocally, the receipts for interest on the securities of Mysore Government loans so far raised have been exempt from the Stamp Duty of the Government of India (vide your letters Nos. 609-1-135-20 and 8910-135-1920 dated 9th July 1921 & 12th Oct 1921 respectively).

Here enter Nos. and dates of Residency letters concerned.

I am to request that the permission of the Government of India may be kindly obtained very early for the exemption of the receipts for interest on the loan to be raised this year, drawn on British India, I am to add that it will be convenient if a general exemption is accorded in regard to all loans of the Mysore Government. A similar

general exemption is allowed in the case of the Government of India loans in respect of ~~the~~ Mysore Stamp Duty.

Yours sincerely,

(Chief Secretary.)

Major G. Loch,
Secretary to the Hon'ble
the British Resident in Mysore,
BANGALORE.

Mr. N. MADHAVA RAO.
Chief Secretary to Government.

CHIEF SECRETARIAT

Dated, Bangalore, 8th August 1930.

668/C.S

Dear Sir,

In continuation of my demi official letter No.Pol.87 dated 25th July 1930, I am desired to forward for information 2 (advance) copies of the Prospectus defining the terms and conditions of the New Mysore Loans 1930. The public announcement will be made on the 11th instant and subscriptions will be received from the 15th instant

I am to invite kind reference to para 2 of my letter of the 25th July 1930 and to request that very early orders of the Government of India may be kindly obtained for exemption from British Indian stamp duty of receipts for interest drawn in British India in respect of the loans to be raised this year, should there be any delay in the grant of general exemption in regard to all loans of the Mysore Government.

Yours sincerely,

To

Major G. Loch,

Secretary to the Hon'ble the Resident in Mysore,

Bangalore.

668/C.B
Encl

7/8/30

Dear Sir,

In continuation of my demi official letter No.Pol.87 dated 25th July 1930, I am desired to forward for information 2 (advance) copies of the Prospectus defining the terms and conditions of the New Mysore Loans 1930. The public announcement will be made on the 11th instant and subscriptions will be received from the 15th instant.

I am to invite kind reference to para 2 of my letter of the 25th July 1930 and to request that very early orders of the Government of India may be kindly obtained for exemption from British Indian stamp duty of receipts for interest drawn in British India in respect of the loans to be raised this year, should there be any delay in the grant of general exemption in regard to all loans of the Mysore Government.

h
6/8

Yours sincerely,

(Ch Sy)

Mule
615/30

To

Major G.Loch,
Secretary to the Hon'ble the Resident
in Mysore, Bangalore.

No. 7858 Enc.
135 of 1920

1663/32
15/10/30

From

G.T 200. 29-6

Pol. 438

Major G. Loch,

Secretary to the Resident in Mysore.

To

The Secretary to the Government of

His Highness the Maharaja of Mysore.

Financial Department.

Dated Bangalore, 15th October, 1930.

Exemption from stamp duty of receipts given for payment of interest in British India on Securities of the Government of Mysore.

Sir,

With reference to your letter No.Pol.87/200-29, dated the 25th July, 1930, I am directed to inform you that a general remission of the duty chargeable on receipts given for interest paid in British India on the Securities of the Government of Mysore was sanctioned in the notification of the Government of India in the Finance Department (Customs) No.430, dated the 16th June, 1923, copy of which was forwarded to you with Mr. Cater's letter No.5074, dated the 29th June, 1923.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

vdv.

Appendix F G—1

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Section 9.7

File No. 200-29

Serial No.

No. F13 915/E,

General and Revenue Secretariat

(

the *193*

To

The Comptr

Date of issue 1.11.30

Sir,

Signed by.....

I am directed to forward herewith for your information & needful action a copy of Notn of the Govt of India in the Finance Deptt. (Customs) No. 430 dated the 16th June 1923 sanctioning general remission of the duty chargeable on receipts given for interest paid in Br. India on the Securities of the Govt of Mysore I have, &c

List of enclosures.....

Copied by.....

Examined by.....

[over

WD 02559—GPB—25,000—25-6-30

30.10.30

Asst. Secy

28/10

31st October 30

H 3915/E/11

xxxxxxxxxxx A.N.RAGHAVACHAR, Esq., M.A.,
@@@

FINANCE DEPARTMENT.

Stamps

Notification No.430, dated 16th June 1923.

In exercise of the powers conferred by clause (a) of Section 9 of the Indian Stamp Act, 1899 (II of 1899), and in supersession of the Notifications of the Government of India in the Finance and the Commerce Departments Nos.1870-F and 1946-S., dated the 22nd June 1921 and the 17th September 1921, respectively the Governor General in Council is pleased to remit the duty chargeable on receipts given for interest paid in British India on securities of the Mysore Duarbar.

Sd. A.C. Mc.Watters.

Offg. Secretary to the Govt. o

Copy

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 2022/S.L. Bangalore, dated 15th 17th November 1930.

G.F 6-30-21
200-24-8 2166/32
18.11.30

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

A.N. Raghavachar, Esq., M.A.,
Financial Secretary to the Government
of Mysore, (In Charge), Bangalore

Sir,

Preliminary Report on the Mysore Government Loans 1930.

I have the honour to forward herewith a statement which shows the details of the total subscriptions received for our loans which amount to Rs.4,15,86,400/—face value. An analysis of the subscriptions received by Treasuries and Banks is also furnished. Since the last progress report of subscriptions sent on the 6th inst, we have received returns from all the remaining Treasuries and Branches of the Imperial Bank of India and a sum of Rs.6,50,000/- has been adjusted on account of the subscription on behalf of Tumkur District Board Railway Cess Funds. Further this statement shows the face valu of bonds subscribed for instead of the actual cash or face value of securities received which was being shown in the progress reports. It thus includes all cases where premium, cash bonus, discount or interest have also been invested. The figure given above may vary slightly after the cases pending issue in this office are disposed of and the accounts are completely audited. But the difference if any is not expected to be appreciable.

There were on the whole 5075 applications, 1342 being for the 5% loan of 1955 and the remaining 3733 for the 5½% bonds of 1938. I will send an analysis of the applications according to their value along with my final report.

The bonds forms which remained unissued with the Banks and Treasuries have all been got back and the balance so returned tallie with the balances shown in the plus and minus memos. Further, the aggregate issues of all Banks, etc., plus the issues by this office and amount of cases in which bonds have yet to be issued tallies with

with the total face value of bonds subscribed for, viz., Rs.4,15,86,~~450~~/

The further reconciliation of cash receipts with the Treasury credits and amount received by conversion with the amount of the various securities on hand is also nearing completion.

I expect to be able to submit my final report on the loan operations by the beginning of next month. I am enclosing a statement "C" for being issued as a Press communique. Many persons are anxious to know the final results of our loan.

I have the honour to be,

Sir,

Your most obedient servant,

V. Ramamurthy
Comptroller.

S.S.

MYSORE GOVERNM

State

Analysis of subscriptions

Name of Treasury or Bank.	Total No. of applications.	5% Loan 1955. Value.
Imperial Bank of India, Calcutta Circle including Branches.	59.	5,89,200.
Imperial Bank of India, Bombay Circle including Branches and other Banks.	190.	42,39,700.
do Madras including Indian Bank.	35.	22,18,500.
do Bangalore.	16.	89,400.
Branches of the Imperial Bank of India, Madras.	33.	2,64,800.
Bank of Mysore, Ltd.	217.	14,60,000.
Comptroller's Office.	149.	49,95,800.
State Huzur Treasury, Bangalore.	112.	6,04,800.
Bangalore District.	23.	28,300.
Kolar "	72.	95,200.
Tumkur "	49.	1,02,100.
Shimoga "	44.	1,32,300.
Kadur "	34.	27,400.
Chitaldrug "	18.	1,04,000.
Mysore "	90.	6,42,200.
Hassan "	42.	81,100.
Investment of State Life Insurance Bonus.	21.	1,79,900.
" balances in State Provident Fund.	16.	1,49,300.
" under the Advance Scheme.	122.	1,01,500.
Total.	1342.	1,61,05,500.

S.S. 15/11.

' LOANS. 1930.

t B.

eived by Treasuries and Banks.

Total No. of applications.	5½% Bonds. 1938. Value.	Total No. of applications.	Total. Value.
160.	13,55,700.	219.	19,44,900.
985.	99,17,800.	1175.	1,41,57,500.
244.	16,21,700.	279.	38,40,200.
54.	4,25,100.	70.	5,14,500.
121.	15,48,400.	154.	18,13,200.
759.	41,99,400.	976.	56,59,400.
268.	34,42,000.	417.	84,37,800.
129.	6,69,700.	241.	12,74,500.
12.	32,800.	35.	61,100.
81.	1,34,800.	153.	2,30,000.
30.	37,200.	79.	1,39,300.
61.	2,09,300.	105.	3,41,600.
10.	23,400.	44.	50,800.
81.	6,86,200.	99.	7,90,200.
102.	2,16,200.	192.	8,58,400.
43.	68,000.	85.	1,49,100.
58.	1,82,900.	79.	3,62,800.
146.	3,40,700.	162.	4,90,000.
389.	3,69,600.	511.	4,71,100.
3733.	2,54,80,900.	5075.	4,15,86,400.

Assistant Comptroller.

Statement C.

(~~Press~~ issued as Press Communique.)

"The Mysore Government Loans announced in Notification No.Fl.1076 G.F.6-30-3 dated 11th August 1930 were closed for subscription on 31st October 1930. The subscriptions received amount to Rs.415.85 lakhs as shown below:-

		5% Loan 1955.	5½% Bonds 1938.
		(In thousands of rupees).	
I.	By Cash.	69,56.	182,96.
II.	" Mysore Government 7% and other Bonds converted.	42,91.	50,65.
III.	" Mysore Government 5 year Fixed Deposit. Converted	29,74.	
IV.	" Government of India Bonds & Treasury Bills. Converted	6,76.	12,74.
V.	" Subscriptions by Government servants under pay advance scheme and from Provident Fund and Insurance Funds.	4,03.	8,45
VI.	" 5% discount on 1955 Loan.	8,05.	-
	Total.	161,05.	254,80.

— o —

Assistant Comptroller.

S.S.

17-11-30

5065
4291
9356

Ind 476

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

No. 2459/S.L. Bangalore, dated 23 ~~16~~th December 1930.

Encls. Two Charts & Eight Sts

G.71 20-12-9

Recd 24/12/30 27/10/76 24-12-30

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

Immediate. Please put-up preliminary report and the Loan file - Draft memo may be put-up on the basis of 1921 G.O.

23.12.30

To

Rajasevaparayana
B. Sreenivasa Iyengar, Esq., B.A., B.L.,
Financial Secretary to the Government
of Mysore, Bangalore.

Sir,

Report on the loan operations of the Mysore Government Loans, 1930.

I have the honour to submit the following final report on the operations connected with our recent loans:-

1. Preliminary History.

In his address to the Legislative Council in June 1927, the Dewan referring to the heavy interest and sinking fund charges of the 7% loan of 1931, mentioned the possibility of floating early a conversion loan on favourable terms. Schemes for floating a loan were considered during the latter part of 1927. The Government of India had floated that year a short term loan at 4% issued at 94-8-0 and it was a partial success. This was the lowest rate at which they had floated a loan for several years past. Our 6½% loan was commanding a good premium though the demand for it was not found to be universal. Money rates were going down and it was thought desirable to wait for some time more for issuing a public loan and in the mean while to start a scheme of fixed deposits which though non-negotiable possessed many of the advantages of a Government security and could therefore be used as a feeler to test the mental attitude of the public towards our borrowings. In G.O. No.5520-88/G.F.85-27-4 dated 11-1-1928 the detailed rules for receiving at all the State Treasuries the five year five per cent Savings Bank Fixed Deposits, were sanctioned. The investors in the deposits were promised the facility of investing the amount of the deposits at par in any future long term loan to be floated by Government. Arrange-

Arrangements were also made for remitting the interest to holders outside the State. Though the scheme was not advertised outside the State, it proved fairly popular and by the end of December 1928, i.e., within a period of about eleven months, more than Rs.30 lakhs had been received. In 1929, however, money rates stiffened. In June 1929, though the Government of India floated a loan at 5% issued at rates which gave a yield of about 5.4%, it was not a complete success. On the 15th July 1929 (vide Government of India Notification No.F.13(6)-F/29 dated 15-7-1929), the Government of India lowered the issue rate of their post-office cash certificates so as to increase their yield to about 5½% compound interest. On 26-8-1929, I interviewed the Secretary and Treasurer, Imperial Bank of India, Madras and he said that we were too late to float a loan then and that the best time would be sometime after next May either before or after the Government of India Loan was floated and that as money rates were stiffening, we might have to pay an effective rate of 5½%. As money market conditions were not favourable, the question of raising a public loan was postponed in 1929. As it was considered undesirable to wait till 1931 when the 7%s fell due for repayment, it was decided to raise the loan in 1930. In his budget speech delivered before the Assembly in June last, the Dewan announced that Government had decided to enter the money market as soon as the conditions were favourable and to invite subscriptions both in cash and by tender of 7% loan bonds and five year deposits. A sum of Rs.1 crore net was also shown in the receipt side of the Ways and Means Budget.

II. Time of floatation. -

It was decided to publish the terms of our loans on 11-8-1930 soon after the Government of India loan list was closed and to receive subscriptions from 15th August 1930, this being the date on which 6% Government of India Bonds of 1930 fell due for repayment. The loan was kept open till the

the end of October 1930, i.e., for a period of two and half months. Due to several causes, however, the time of floatation proved to be very unpropitious. A little prior to the issue of their loan, the Government of India had discontinued the issue of Treasury Bills, and it was thought that they would not issue them for some time more. But on the very next day after their loan list closed, i.e., on 7-8-1930 they called for tenders of 2 crores of bills and these were accepted at comparatively high rates, the six months bills yielding as much as Rs.4-14-0 per cent. Throughout the period our loan was on offer, Treasury Bills continued to be issued and were being taken up in large quantities. Early in September 1930, the Port Trust of Calcutta arranged privately for issue of a 5 to 10 year loan of 60 lakhs bearing the high rate of interest of 6½%. On the 15th September the Government of India notified (vide their Notification No.F.3(XIV) F/30 dated 15-9-1930) a still further lowering of the issue rate of their post office cash certificates so as to yield 6% compound interest. On 18-9-1930 the Bombay Municipality announced the issue of a debenture loan of Rs.50 lakhs with a currency of 20 to 30 years and bearing 6% interest. Widespread trade depression and unsettled political conditions particularly in Bombay were also unfavourable conditions for the success of our loan. In spite of all these factors our loan has been a success though owing to them the flow of subscriptions was retarded obliging us to keep it open for the full 2½ months while under more favourable conditions we might have received the required amount in a much shorter period.

III. Preliminaries to the floatation.

(a) Feelers in the Press. - Though the fact that we intended to float both a cash and a conversion loan early was mentioned in the Dewan's address to the Assembly in June, it had not received sufficient publicity. It was

was therefore necessary to intimate this fact to such of the public as were disposed to go in for our loans in preference to those of the Government of India, who but for such an intimation might invest all their funds in the Government of India loan which was expected to be floated towards the end of July. A brief note showing our intention as in the margin was approved by Government and despatched to all the important holders of our 7% bonds, to the Banks and brokers and to a few important individual persons. At the same time, the correspondents of a few important news-papers were requested to give publicity again to the Dewan's announcement. A Press Note had to be issued on the 1st August 1930 as some papers published what purported to be the likely terms of our loans. The Press note made it clear that the terms had not yet been settled. On the 25th July 1930, a circular was issued to all the important holders of our 7% and 5½% (taxable) bonds that they might send their bonds to this office for examination and certification of endorsements, as it would help them to obtain new Loan notes at the treasury or Bank directly against tender of old bonds or in any case, facilitate repayment of principal, if the holders decided not to convert them. These circulars and press notices served to a certain extent to prepare the public for an announcement of our new loans. On the 23rd July the Government of India notified the issue of a short term loan bearing 6% interest.

As announced by the Dewan of Mysore in his Address to the Representative Assembly which met last month the Government of Mysore propose to raise a loan which will provide for cash subscriptions as well as for conversion of the Mysore 7% Loan Bonds due for payment on 1st November 1931. The terms of this loan will be announced shortly. The holders of the 7% bonds will therefore have an early opportunity for re-investment.

(b) Office preparation.

As it was known that we would enter the market and float immediately after the expiry of the period of subscription of the Government of India loan and that there

there would be only a short interval between the date of final settlement of the terms of the loan and the date on which subscriptions would be actually received, we had to make all arrangements beforehand and be prepared to the utmost extent possible. Accordingly, the draft copy of the prospectus to be issued and the drafts and skeletons of all circulars, forms and calculation tables required for use by the treasuries, banks and this office were got prepared leaving blanks where-ever necessary. The border and ground work of the bond form to be printed were approved by the Dewan and 25,000 bond forms which were expected to be required in the beginning were got printed with the border and ground work so as to be dry and ready to take on the matter immediat ly the detailed terms were settled. A list of the important holders of our 7% bonds and 5½% (taxable) bonds was compiled with reference to the interest vouchers so that copies of our notifications and circulars might be sent to them. Sanction of Government was obtained for the necessary establishment required and for the probable charges to be incurred for advertisements, printing and other contingent charges. Necessary office accommodation for the extra staff was also arranged for

(c) Training of staff.

The officials who were drafted from other Sections of this office to the new loan work were provided with copies of the Mysore Securities Manual and required to make themselves familiar with the rules. They were asked to visit for some time each day the State Loan Section and to get acquainted with the work of that Section.

(d) Conveniences to the public.

For the convenience of the investing public who might come either to this office or the State Huzur Treasury, a tent was got pitched up on the oval ground to the south of the Treasury and waiting accommodation

accommodation and writing materials were provided. Copies of the Notification, application forms and relevant papers re placed on the table and an official was made responsible to help the investors in writing up the applications or solving their doubts, etc.

(c) Enquiry regarding a sterling loan.

An enquiry was made of Messrs. Coutts & Co, about the possibility of floating successfully a sterling loan in London. But the terms mentioned by them as regards the probable rate of interest, the charges for underwriting, banks' commission and brokerage were so unfavourable, that the idea was given up.

IV. Terms of the Loans.

(a) Rate of interest, issue rate, and yield.

Though there could be no real comparison between a loan of such a short period as three years, and the loans which we issued, yet then the Government of India floated a six per cent loan at par, we had to give the investors something which would strike any one as not very far from it. The 5% loan issued at Rs.95, per Rs.100, face value with a long duration of 25 years, gives a yield of Rs.5-6-6 per cent which is about the same as that of the Government of India loan after deducting incometax. A slightly higher yield, namely 5½% was allowed to the bonds of 1938 on account of their short term duration. These were issued at par bearing interest at 5½%. Unlike the previous occasions when we were allowing a higher rate of interest on our loans, than that on the Government of India loans issued at the same period, the only additional advantages we gave to the investors this time were:-

(i) the comparatively long duration of our loans and (ii) the certainty that any future increase in in-

in incometax will not affect the holders as the loans were free both of Mysore and Government of India incometax. I have to add in this connection that there were a number of people who expected that we would give something more than the Government of India, i.e., a rate of interest higher than 6% to whom our 5 and 5½% loans came as a great surprise. Some of them were doubtful about the success of the loan. To them it should have been a greater surprise to find that not only did we get the sum of Rs.3 crores mentioned in the notification in a short time but the revised limit of Rs.4 crores was also over-subscribed within the period originally fixed.

(b) Duration of the loans.

As the period of maturity of a ten year short term loan would have coincided with that of the 6½% loan a term of eight years was given to the 5½% loan. The duration of the long term loan was extended to 25 years so as to make it more acceptable to the class of investers who go in for long term investments. It was not considered desirable to have the option to discharge the bonds after certain minimum period as it would have introduced an element of uncertainty and made the loans less popular and so definite dates for repayment were fixed.

(c) Distinct bias given for subscription to the long term loan.

4

Two special benefits were provided in the notification in favour of subscription to the long term loan:-

(i) The bonus allowed for conversion of 7% bonds before the end of August 1930 to the long term loan was 6 annas on every one hundred rupees of 7% bond as against only 4 annas in the case of conversion to 5½% short term bonds

(ii) The brokerage allowed on subscriptions amounting to a lakh and more tendered before the end of August 1930 was 4 annas per cent for subscriptions to the long

long term loan while only 3 annas per cent was allowed in the case of the short term loan. It is gratifying to note in this connection that the percentage of subscription to the long term loan this time is 38.7% as against only 13.5% in the year 1921.

(d) Special features of this year's notification

(1) Reference has already been made to the bonus allowed on the conversion of 7% bonds before the end of August 1930. The bonus was given with a view to induce the holders of 7% paper to subscribe quickly to the New Loan by giving them all the interest which they would have got, if they had held on to the 7%s till the date of their repayment in November 1931.

(2) The interest paying treasuries and banks were allowed to issue new loan notes over the counter in specified classes of conversion cases also, where the title was clear, e.g., bonds which were not included in the list of stopped notes and on which there were no endorsements or where the last endorsement was by the Dewan, Comptroller or a Treasury Officer or where the endorsements were certified either by this office or by a Public Debt Office in British India or where Savings Bank Fixed deposits were tendered. For 434 cases of conversion amounting to Rs.30,29,500/- bonds were thus issued by the treasuries and banks themselves and the public were able to get the new loan notes, accrued and advance interest much earlier than they would have got if the cases had been sent up to this office.

(3) According to an undertaking given at the time of issue of the 5% Savings Bank Fixed Deposits and the 5% Akkihebbal Bridge Debentures, we had to accept these for conversion to the long term loans at par, and

and this was provided for in the Loan Notification.

(4) Bonds of the denomination of less than Rs.100, were not issued with the result that the amount of work to be done in this office, the treasuries and banks was correspondingly reduced. The State Loan Department and the treasuries will have a relief to this extent in future also while paying interest and conducting other items of public debt work. At the same time the loans do not appear to have suffered in popularity.

(5) A fewer number of Banks were entrusted with the work of receiving applications, as there was nothing to be gained by unnecessarily multiplying their number beyond ~~all~~ the possible requirements of investors.

(6) The loan notification permitted the conversion of the 5% Fixed Deposits only to the 5% Loan and not to the 5½% Bonds. Many persons who would have been willing to convert into the latter - but not to the former - were thus prevented from participating in the loan and only 30 lakhs out of 71 lakhs were tendered for conversion. Considering that in some respects the 5% Loan was a better form of investment than the 5½% Bonds and some cash subscribers deliberately chose the former in preference to the latter, there would have been no harm if Government had given a free choice to these depositors to invest in either loan, in the same way as subscribers in cash. If the two forms of the loan were considered as of equal value for cash, they should have been similarly regarded

regarded for the conversion of the Fixed Deposits also. If such a free choice had been given, most of the five year Fixed Deposits would have certainly been converted into the new loans and the portion tendered for the 5% might not have been less than what it is at present. By restricting the opportunity for conversion, a large ~~number~~ amount of the five per cent deposits has been left unconverted. In regard to the terms of conversion offered for the 7% Bonds of 1931 it is to be stated that the terms of the notification did not offer any special inducement for tendering them as quickly as possible in the months of September and October. On the other hand the terms were such that the person who tendered earlier would lose more and the person who tendered on the last day would have received the greatest benefit. In this respect the terms of the Notification are to be regarded as not quite perfect and this may account partly at least for a large portion, over 50%, of the 7%s being left unconverted.

V. Issue of the Notification, etc.

(a) The terms of the loan as finally settled were made known to the State Loan Department only late in the evening of 6-8-1930 and it had been decided to publish the notification, so as to reach all parts of India simultaneously on 11-8-1930. The necessary corrections were made in the Loan Notification and advertisement forms and they were all punctually despatched according to a programme

programme drawn up so as to reach all parts of India on 11-8-1930. Notification copies were sent to a large number of private persons, brokers, Bankers, Banks, Insurance Companies, Government of India and Local Treasuries, Municipalities, District Boards, News Papers, important Offices, Officers, European and Indian Clubs, Hotels, Coffee Clubs, Public Libraries, Masonic Lodges, Lalbagh, etc. Poster copies were also sent to all Amildars, Banks, Treasuries and public and semi-public institutions with a request that the same might be exhibited at prominent places. With a short period of 3 days, nearly four thousand covers were despatched all over India. We thus did ourselves this portion of the advertisement without leaving it to the Brokers. By making special arrangements and making the whole Section do this work till late into the night, this difficult work was done simultaneously with the equally pressing work of printing and despatch of new loan scrips, registers and forms to the treasuries and Banks so as to reach them before 15-8-1930. This latter work was also done in time and nearly 15,000 new loan scrips were got printed, serially numbered, made out in favour of the Treasuries and Banks, registered and invoiced for despatch along with other forms and registers required for immediate use, so as to reach the various places punctually on the 15th of

of August, from which date subscriptions were received.

(b) The Press.

Such a rush of heavy work naturally put considerable strain on the Press, and the Superintendent, Government Press, was kind enough to make adequate arrangements and cordially cooperate with us in ~~the~~ getting through all our work throughout the Loan period. Duplicate dies containing the signatures of the Dewan and Comptroller were got prepared so as to have the bond forms printed simultaneously on two machines. Two more numbering machines were purchased and put to use for numbering the bonds. At one time during the rush period, a little anxiety was caused by the contemplated strike of the Press employees which, however, fortunately did not actually come off. In this connection, I have to state that at least an interval of one week is required between the date of notification and date of receipt of subscriptions, so that there may be an equal distribution of work and we may be prepared for all eventualities.

(c) Paper and design of the bond forms.

As it was necessary to settle the quality and kind of paper to be used and stock it in sufficient quantities in time, this matter was taken up well in time and it was decided to use the special water-marked paper which was specially manufactured for this purpose in England and supplied to us in 1923 through Messrs. Wilson & Co. of Madras.

(d) Bond forms printed, sent to treasuries and Banks and returned.

The initial quantity of 25,000 pieces which was got printed, had to be supplemented by a further lot of about 12,000 pieces. We have in addition got about 3,000 pieces with the border and ground work only printed, the total number of pieces sent to the press being 40,000. All these have been correctly got back with only 52 of them spoiled during the various processes of printing. Of the 40,000 pieces, 24,000 were printed for the 5½% Bonds of 1938 and 16,000 for the 5% loan of 1955. Out of the printed lot, we have on hand unissued 8,334 pieces in addition to the 3000 which are printed only with border and ground work. The number of pieces issued by this office for cases dealt with by us is 6,429. The balance represent the number of pieces sent to the treasuries and banks for issue by them. The total number sent to treasuries and banks, the number returned unissued by them and the percentage of returns to issues made by them are 21,338, 4,434 and 26.2% as against 49,955, 34,212 and 217.9% in the year 1921. Out of the returns this time the Imperial Bank of India, Bombay alone is responsible for 1,238 pieces out of a large stock which it obtained by telegraphic indents towards the close of the loan period. The returns from treasuries amount to 2,483 pieces. All the small taluk treasuries were supplied with bonds of only Rs.4000 in value in each loan, 10 pieces of Rs.100/- value, 4 of Rs.500 and 1 of Rs.1000 and

and a number of them have returned the entire lot intact.

VI. (a) Advertisement in news papers. - S. C.

This work was entrusted to the Publicity Officer who was in a number of cases able to get the work done at lesser rates than what could have been charged for direct orders from us. In all the costly papers the space taken for advertisement was only ¼ page and less. But the number of insertions was increased. In addition we had a number of short notices of only 2" to 3" inserted in the several papers. The dates of advertisement were so distributed that the papers in the same place usually got the advertisements on different dates. The cost on account of advertisement in the news papers amounts to Rs. ~~8,259~~ 8,342 as against Rs. 28,858 in the year 1921.

(b) Poster advertisement.

A special feature of this year's advertisement was the use of large size, 22" x 30", wall posters printed in attractive colour and bold type. These were sent to all the Amildars, all local and some important outside treasuries all the branches of the Imperial Bank of India, other important banks, a number of public and semi-public institutions, clubs, libraries, etc, with a request that the same ~~may~~ might be exhibited at prominent places. 400 copies were exhibited for a period of one month through the agency of bill posting companies in Bombay, 200 in Madras and 250 each in Mysore and Bangalore Cities. In addition 100 copies were exhibited on the Corporation Electric posts in Madras. The total cost on this account comes to Rs. 781.

VII. Final results of the Loan. S. C.

(a) Day to day progress. - I send herewith charts which show the progressive as also the day to day receipt of subscriptions, the face value applied for under 5% loan of 1955, 5½% bonds of 1938 and the total, being indicated by differently coloured lines. The charts clearly

clearly show (1) the relative receipts under the two loans, (2) the heavy receipts in the beginning indicated by the quick rise in the lines, the line of 200 lakhs having been crossed within 17 days on 1-9-1930, (3) the effect of the differential rates of bonus and brokerage which have kept the 5% line above that of the 5½% loan from 18-8-1930 to 3-9-1930. (4) the subsequent falling off under 5% (5) the comparatively flat portion of the lines towards the end of September and in the beginning of October indicating low receipts and (6) the sharp rise in the lines towards the close of the loan period.

(b) Details of receipts.

The total subscriptions amount to Rs.4,15,94,500/-, Rs.2,54,80,100/- being subscribed for 5½% Bonds of 1938 and Rs.1,61,14,400/- under 5% loan of 1955. The percentages of subscriptions under the two loans to the total are 61.25% and 38.75% respectively. Statement A sent herewith shows the details of receipts under cash and several items of conversion. The figures relating to the adjustments made in this office on account of the investment of Muzrai funds, personal estate Account balances, District Board Railway cess deposits, etc, which on the whole amount to Rs.17.2 lakhs have been separated from the cash receipts. Similarly the discount on 5% loan of Rs.8.05 lakhs and premium, bonus and interest, etc, invested which amount to 2.87 lakhs have also been shown separately. The cash figure of Rs.226.5 lakhs, however, includes the investment by withdrawal of ordinary Savings Bank Deposits which may roughly be taken to be Rs.17.5 lakhs on the basis of the transactions of previous years during this period. Against this short receipt we have already realised in cash the Treasury Bills amounting to Rs.5.25 lakhs and the fixed deposits in the Banks amounting to Rs.5.9 lakhs are being realised. 6% Government of India Bonds of the 1933-36

~~36-36 Bonds~~ of the value of 11.12 lakhs, and 1931 and 32 bonds of the value of 3.14 lakhs were tendered as subscription to our Loan. The conversion under both 7% loan and the Savings Bank fixed deposits is less than even half of the outstanding balance in each case. While there may be a number of people who hope to get better rates of interest by investing next year the proceeds from off 7% loan, when it is repaid in 1931, ~~proceeds,~~ of who want their money back in cash, the small investment of the 5% S.B. Fixed Deposits shows that there is a class of investors who prefer to have this form of investment even at a less rate of interest on account of its very short period of maturity. ~~and the probability of getting from the Government itself an earlier repayment on easy terms.~~

(c) Analysis by Banks and Treasuries, etc. -

Statements B (A & B) shows an ~~xxxx~~ analysis of the number of applications and the amount of the subscriptions received directly at this office and the treasuries and Banks. The total subscriptions, received at the several Banks amount to Rs.2,78.3 lakhs which is 67.2% of the total. The subscriptions received by the treasuries amount to Rs.38.9 lakhs or 9.4% of the total as against 13.6 lakhs and 6.04% in the year 1921. The direct receipts at this office amount to Rs.84.5 lakhs or 20.3% of the total as against Rs.32.3 lakhs and 14.4% in 1921. The balance of 13.3 lakhs has been subscribed by Government servants under the advance scheme, etc, to which detailed reference will be made later. The receipts at this office and the Mysore Bank have been further analysed according to the districts of the State to which they pertain and the total from outside the State and statement C shows the district-wise distribution of the total receipts of Rs.145 lakhs from within the State which is 35% of the total receipts.

(d) Analysis by value of applications.

Statement D shows an analysis of the applications

applications according to their number and amount in each class. Class I is for all applications less than Rs.1000, class II for all for Rs.1000 and above but less than Rs.15,000, class III for Rs.15,000 and above but less than Rs.1 lakh and Class IV for Rs.1 lakh and above. These classes roughly correspond to the status of the applicants under lower middle class, upper middle class the rich persons and the very rich respectively. The statement (vide Ex) also shows the names of persons and institutions who have subscribed more than Rs.5 lakhs. The average amount for each application is Rs.8319 as against Rs.3265 in the year 1921. The large average figure is due to the fact that while the subscriptions received this time are nearly for twice the amount received on the last occasion, the total number of applications is actually less by 1918, which is due to a great extent to the non-issue of bonds of smaller denominations than Rs.100. Among the large subscribers may be mentioned the Cochi and Travancore Governments which subscribed the sums of Rs.28,81,500/- and 9,59,100/- respectively.

VIII. Banks. - Subscriptions were received at all the Head Offices and Branches of the Imperial Bank of India, the Head Office and Branches of the Bank of Mysore, Ltd. The Indian Bank, Ltd, Madras and the following five banks in Bombay:- 1. The Central Bank of India, Ltd, Bombay, 2. The National Bank of India, Ltd Bombay, 3. The Bank of India, Ltd, Bombay, 4. The Eastern Bank, Ltd, Bombay and 5. The Mercantile Bank of India, Ltd Bombay. All the Banks readily agreed to cooperate with us in regard to the floatation of our loan by arranging to receive the subscriptions and delivering the bonds and rendering to us the necessary accounts in the same manner as they did during the year 1921. The Imperial Bank of India, Bangalore, however could not see its way ~~to allow us to receive its fixed deposits for conversion~~

way to allow us to receive its fixed deposits for conversion to our loans. In view of the opinion given by the Legal Remembrancer recently regarding the validity of accepting the fixed deposit receipts without a regular assignment deed duly executed and stamped, a simpler procedure for accepting them for conversion to our future loans will have to be devised. The amount received under this head, Rs.5.9 lakhs, is after all very small being only 1.4% of the total receipts. Throughout the loan period the Banks have shown their readiness to supply us with all the required information. The Imperial Bank of India, Bombay, with its Branches secured the largest amount of subscriptions to the extent of Rs.87.98 lakhs or 21.2% of the total. The other Banks in Bombay have given us Rs.53.59 lakhs or 12.9% of the total subscriptions. The Imperial Bank of India, Madras, with its Branches (other than Bangalore) has contributed Rs.31.8 lakhs or 7.6% of the total. The subscriptions received through the Bank of Mysore, Ltd, is Rs.56.6 lakhs, i.e., about 10 lakhs less than the subscriptions during 1921. Concessions to the public for subscribing under an advance scheme were given by this Bank. 90% of the face value of the bonds was advanced at 5½% interest, repayment being made in 18 monthly instalments. The Bank was allowed to keep the sums so subscribed under advance scheme for a period of 18 months during which the advance was being repaid. The Bank's scheme was advertised at Government cost in a few important news papers. When the loan became a decided success and a large sum over (Rs.20 lakhs) was received under the Bank's Advance Scheme, the Bank was informed that the amount received under the Advance Scheme which would be left with the Bank would be limited to the amount subscribed for so far, and further applications under the Advance Scheme were not necessary. The two Indian managed Banks, the Indian Bank, Madras, and the

October 1930. - Treasury Bills. (3 months). 10 lakhs.

November 1930 20

Total. 97

Out of the temporary investments referred to above about Rs. 52½ lakhs (as detailed ~~below~~ in the margin) would be required for discharge of the 7% Loan Bonds on 1st November 1931 and the balance will be reinvested as they are realised if the cash position at the time permits of such investments.

Out of the cash balance of Rs. 97.66 lakhs on 1st December, Rs. ~~22~~ 20.6 lakhs relating to amount subscribed through the Advance Scheme of the Bank of Mysore has to be left with the Bank till the advances are adjusted, i.e., for about 18 months and another five lakhs is to be permanently left with the Bank of Mysore and the effective balance in the Treasuries and Banks was only ~~70.66~~ 72.06 lakhs which is just sufficient to meet the normal resource operations till the revenues are realised. Treasury bills and other temporary investments falling due in this period will again as far as possible be reinvested as referred to above. It is not necessary to attempt to find temporary investments for short periods - less than 2 months - for which portions of this amount may be available for investment as over 4% interest can be expected on the minimum balances in the Imperial Bank, Bangalore and the Bank of Mysore, during the months of January, February and March.

In addition to the realisation in cash, as detailed above the following receipts aggregating 25.41 lakhs tendered in the shape of fixed deposit in Banks, Treasury bills and Government of India securities may also be ~~taken~~ regarded as equivalent to cash ~~but~~ received and reinvested automatically. It will thus be seen that all surplus cash was profitably invested for long or short periods as the case may be.

Government of India Bonds	1931.	2.05 lakhs
" "	1932.	1.09 "
" "	1933-36	11.12 "

195.56 lakhs.

90.97 lakhs.

Total 7% Loan.		
Converted to New Loans.		52.12.
6% Government of India Bonds 1931 now held, to be utilised for discharge of 7% Loan.		143.09 "
	Balance.	52.47 "

Government of India Treasury Bills.	5.25 lakhs
Fixed Deposits of Mysore Bank.	4.47 "
of other Banks.	1.43 "
	25.41 "

XI. Special concessions given for investment this time.

(a) To the public. - For amounts withdrawn from the Savings Bank Accounts for investment in the new loans, interest at 3 1/8% upto the date of withdrawal was allowed, while for ordinary withdrawals, interest would not have been paid for fractions of a month. Holders of S.B. Fixed Deposit receipts were allowed to tender a portion of the deposit receipt to the new loans, a new receipt bearing interest from the same date as the old one being issued for the balance. The concession of investment of the amoun of early maturing policies held in the Public Branch of the State Life Insurance Scheme is referred to under item (b) (3) below

(b) To Government officers.

(i) Advance Scheme. - The period of repayment of advance has been extended to 30 months, the monthly rate of repayment being 3% as against 4% in 1921. The initial deposit was raised to 5% and 10% in the case of the 5% and 5½% loans respectively and officers were allowed to tender towards the initial deposit, amounts available in their provident fund accounts, (this being treated as an advance from the provident fund repayable in 24 monthly instalments). 7% bonds held in the provident fund or elsewhere by the officer were also allowed to be tendered towards the initial deposit, the cash equivalent in the case of 7% bonds held under the provident fund being treated as an advance repayable in 24 months. Further during the period of repayment of an advance taken under the above scheme, Optional subscribers to the Provident fund were allowed to discontinue their monthly subscriptions to the latter. The number of applications and amount received under the advance scheme this time are 501 and

and Rs.4,65,800/- as against only 167 and Rs.1,27,067-12-0 in 1921.

(2) Provident Fund.

For withdrawal from Provident Fund for investment in the New Loans interest at the usual rate of 5% was allowed upto the date of investment. Advances from the Provident Fund for purpose of investment in the new loans were also allowed, the advances being repayable in 24 months. Further, optional subscribers to the Provident Fund who invested their balances in the new loans were permitted to discontinue their monthly contributions to the Provident Fund, so long as they had also to repay any house building or motor car advance taken by them. The number of applications and amount received under the Provident Fund Scheme are 161 and Rs.4,97,400/- as against only 51 and Rs.44,275 in 1921.

(3) Life Insurance Scheme.

The benefit of investing the amount of policies maturing before the end of the calendar year 1933 was extended to the policy holders under the Public Branch also. The total number of applications under the Life Insurance Scheme and amount received are 79 and Rs.3,62,800 of which 7 applications for Rs.14,900/- relate to investment from the Public Branch.

XII. Brokers & Brokerage.

(a) The ordinary rate of brokerage allowed this time was 1/8% as against ¼% in 1921. Increased rates at ¼% and 3/16% were however allowed in special cases where the subscriptions to the 5% and 5½% Loans respectively were received before 31-8-1930 and amounted to over a lakh. Reference has already been made to the effect of allowing these differential rates of brokerage on the amount of subscriptions received. The

The average rate of brokerage paid to brokers and Banks other than the commission paid to Banks who conducted our loan work, is 2 annas 4 pies per cent on the total amount subscribed through them.

(b) A special feature this year in this matter is the recognition as special canvassers to the loans a few select State Life Insurance Helpers and others. The subscriptions received through these people compare very favourably with those received through recognised brokers who are in the trade. One such special canvasser Messrs. N.M. Yajaman & Sons, has come out second in the list of Brokers, his subscriptions amounting to Rs.7,76,700/-. In view of the good work done by the special canvassers Government were pleased to allow them the usual rates of brokerage instead of half the rates which were sanctioned in the beginning. It augurs well for the establishment in future of a stock exchange in Mysore that some of these special canvassers, encouraged by their success, have taken up to dealing in securities as part of their profession. The first place in the list of brokers is occupied by Messrs. Croft & Forbes of Madras. This firm took much interest in issuing their own circulars to a large number of their clients regarding our loans. They expected to definitely take about ½ crore of the loan but the amount which was actually received through them came only to Rs.11,69,900/-. The floatation by the Government of India of a 6% loan apparently affected their anticipations very much. But still they have done well and their work requires to be recognised. In our advertisements in the Madras and Mysore papers we mentioned the firm as one of those to whom enquiries regarding our loans might be addressed. The total charges for brokerage amounts to Rs.16,993/- to which has to be added the commission of Rs.60,827-7-0 paid

paid paid to the Banks who were authorised to receive applications. The total charge on account of commission and brokerage is Rs.77,820-7-0 this time as against Rs.94,403-3-6 incurred in 1921.

XIII. Work done by this office and Establishment arrangements. -

(a) 410 applications amounting to Rs.84.48 lakhs were received in this office direct from the parties, and 741 applications for Rs.13.26 lakhs received under the Advance Scheme, Insurance Scheme and by subscription of Provident Fund Balances, were entirely dealt with by this office. A few brokers who wrote to us in the matter were requested to send the applications direct to us with a view to avoid payment of double brokerage. As shown in statement B, 739 applications amounting to Rs.94.29 lakhs were forwarded by the Treasuries and Banks to this office for issue of bonds and interest cheques. Even in the other cases where bonds were issued by the Treasuries and Banks, the work involved on this office is in no way less as for each bond issued in favour of a party or a treasury the same formalities will have to be observed and all issues and payments have to be carefully audited. A reference has already been made to the very short period available for revising the forms and circulars, for issuing the Notification, and printing and despatching bond forms and circulars, etc, and to the satisfactory manner in which this work was done. The remaining work also has been completed in a satisfactory manner in a comparatively short period. The major portion of the work was complete within one month after the loans were closed for subscription, i.e., by the end of November 1930 and the extra establishment has been gradually disbanded from 1-12-1930 and on the day this Report is submitted to Government, i.e., 20th December 1930, all the extra men

men have been taken back. The magnitude of the work this time was twice that in 1921 but it was completed within a period of 4 months and 20 days as against a period of 6 months and 11 days during the previous loan operations as mentioned in my letter No.3365/S.L. dated 27-6-1930.

(b) Accounts. -

The following reconciliations have been effected:-

(1) The face value of bonds issued by the Treasuries and Banks with the stock of bond forms consumed by them, viz. the difference in the number of bonds of the various denominations sent to them and returned by them,

(2) The total issues made by this office with the value of the bonds which were issued to the office,

(3) The total issues with the credits received from the treasuries, Banks or directly by us either in the shape of cash or conversion.

(4) The total credits with the credits as finally booked,

(5) The value of securities received for conversion with the actual securities on hand and with the debits to the concerned accounts.

(6) In the case of the Mysore Government bonds receiv for conversion, with the total number of entries which have been cancelled in the Interest Audit Registers.

(7) And for the total issues under both the new loans with the total number of uncancelled entries in the Issue Registers of the several denominations.

The above multifold reconciliations are necessary as any small difference at this stage may prove to be very diff cult to be traced later on, as has happened in the case of the 7% Loan. The broadsheet for the loans for October 1930 has been posted and all the differences reconciled. This report could have been sent earlier to Government but for our waiting till the reconciliations above mentioned were all effected. We did not contemplate that advance or broken

broken interest or the bonus given for the 7% bonds would be allowed to be added on to the Cash or Cash value of the bonds tendered as subscription to the New Loan and when Banks allowed this to be done it became necessary for us to separate the interest and cash bonus and adjust them involving some additional accounting work

(c) Establishment arrangements.

It was necessary to find men who had the knowledge of State Loan work to do both the current work as well as that of the new loans. As the number of men available was limited the existing men in the State Loan Section were asked to do new loan duties in addition to their current work. As already stated above, the fresh men that were taken from other Sections were required to study the State Loan Section work. It was considered undesirable to engage raw hands for this work and hence experienced men from other Sections were taken, fresh hands being engaged in their places. The pooling of the available resources of the State Loan Section with those of the new arrivals has enabled us to handle this time, the heavy work connected with the New Loans, in addition to the current work of the Section, satisfactorily and in a short time and some extra remuneration for their hard and overtime work has been paid to them as per report separately submitted to Government. The extra cost on account of Establishment this time amounts to Rs.4,252/- as against Rs.6,003/- incurred during the year 1921.

XIV. Expenditure incurred. -

Statement E shows the expenses incurred in connection with the new loans as also the advance interest, etc., paid. Reference has already been made to the expenses incurred under advertisement, brokerage and establishment charges. For purposes of comparison the

the charges incurred in 1921 are shown in juxta position. It will be seen that the operations have been concluded this time at much less cost under each head than in 1921. I am submitting a confidential note about the commission paid to Banks.

XV. Effect on the Revenue Budget. -

The loan operations have resulted in a net addition of about Rs.11½ lakhs to the charges under the head "9 Interest" during the current year, against which, there is expected to be an addition of about 5 lakhs under the Revenue head IX Interest, on account of interest realised on investments of surplus cash in Fixed Deposits, Treasury Bills and Government of India Securities. In addition to this, about 5½ lakhs being the interest on the securities held in the 7% Loan Sinking Fund Investment Account will be credited under "IX Interest" as the fund will be released due to discharge of the loan on 1st November 1931. The net result during the current year will therefore be a worseness of about Rs.1 lakh in the Revenue Accountum as estimated in the Budget under interest receipts and payments. Out of the addition of Rs.11½ lakhs to the expenditure Budget referred to above, about Rs.2½ lakhs represents bonus and premium on 7% Bonds tendered for conversion, Brokerage, commission, etc, paid to the several Bankers and Brokers, and other miscellaneous items of expenditure such as Establishment, contingencies Advertisement charges, etc, which do not recur every year.

The general effect of the loan operations on the future Budgets may be taken to involve an additional expenditure of Rs.6¾ lakhs as noted below:-

Additions. -

1. Provision for interest to be paid on 5% loan of 1955 and 5½% Bonds of 1938. 22.07.
2. Annual provision for discount on 5% loan of 1955 to be written off in the Revenue Account. 32. 22.39.

Savings. -

Savings

1. Savings in interest charges due to conversion of 5½% Mysore State conversion loan of 1919-20.	.6.	
2. Savings in interest due on the 7% loan of 1931 to be discharged.	13.69.	
3. Savings in the interest charges payable on the Government Savings Bank current and Fixed Deposit accounts, Provident Fund, Tumkur District Board Railway cess Deposits and State Life Insurance Fund, owing to withdrawals for conversion to the new loans.	1.91.	15.66.
Net addition.		6.73.

This addition is in consequence of the additional liability of 219 lakhs to the Loan Account. In the calculations referred to above the annual contributions on account of Sinking Funds are assumed to remain as they are as per order of Government.

XVI. Appreciation. -

The thanks of Government are due to the several Banks who have cooperated in making our loans a success and I propose to communicate the same to them. I have already written to Messrs. Croft & Forbes, Brokers, acknowledging their services. Reference has already been made to the large subscriptions received from the Cochin and Travancore Governments, and to the Cooperation and help rendered by the Superintendent, Government Press. The Publicity Officer and his Assistant have helped us much by the timely issue of Press Notes and the adequate arrangements made for advertisement. Messrs. K. Guru Dutt and N. Madhava Rao, Assistant Commissioners under training in this office, who had been previously required by me to make themselves familiar with the State Loan work, have helped the permanent Officer Mr. Y. Subramanyam, during periods of heavy rush of work and for one month from 20-8-1930 when the permanent officer fell ill and took leave. They worked

worked hard and well. The brunt of the loan work in this office fell on Mr. Y. Subramanyam and he has discharged it satisfactorily. From the initial stages of preparing the loan notification and forms to the last stage of completing the Accounts and submitting the final report, he has exhibited an intelligent grasp of his work and pains-taking devotion to do it expeditiously and in a thorough manner. Special mention is necessary of the good work done by the staff engaged on the New Loan work without whose enthusiastic cooperation and willing work late into the nights and on a number of Sundays and Holidays, the satisfactory handling at each stage of the enormous work involved and the early completion of the same would not have been possible.

XVII. CONCLUSION.

The great success of the loan in spite of the adverse conditions and apprehensions referred to by me earlier in this Report is an indication of the credit which our Government commands outside the State and the popularity of our securities. A well organised State Loan Section doing its work on proper lines has also served to build up a certain amount of good-will in favour of our securities. But there are still several disabilities against which our securities have to contend. There is no stock exchange in Mysore and our securities have still to get quoted officially in the Bombay Stock Exchange. Reports. Interest on our securities is not paid in Sub Treasuries of British India. The Government of India have not yet recognised our securities as Trustee Securities. The outside Cooperative Institutions have to obtain the sanction of their Registrars if they want to invest in our loans. There is no compulsion on the several Insurance Companies operating in Mysore to invest a portion of their local receipts in our Loans. Further there are legal

legal difficulties in the way of our recognising the succession certificates, probates, guardianship certificates, etc, granted by the British Indian Courts. The gradual removal of these difficulties will serve to enhance the popularity of our securities.

I have the honour to be,

Sir

Your most obedient servant

V. Shamanna

S.S.

Comptroller.

GS

Mysore Government New Loans 1930.
Statement (A) showing details of subscriptions.

	5% Rs.	5½% Rs.	Total Rs.
Cash (net) including withdrawals from Savings Bank Current Accounts.	54,95,709- 2- 5	1,71,59,515-10-10	226,55,224-13- 3
2. Investments from the Muzrai Funds & Palace Personal Estate Accounts, General Investment Account, Tumkur District Board Railway Cess Deposits etc.	9,94,365- 3-10	7,23,799- 9- 6	17,18,164-13- 4
3. Mysore State Loan Securities -7% Bonds 1931	40,25,575- 0- 0	50,71,437- 8- 0	90,97,012- 8- 0
6½% Bonds 1941-51	1,20,000- 0- 0	-	1,20,000- 0- 0
5½% Mysore taxable loan 1929-44	1,05,700- 0- 0	-	1,05,700- 0- 0
4. Mysore Government Savings Bank Fixed Deposits	29,74,340- 0- 0	-	29,74,340- 0- 0
5. 5% Akkihebbal Debenture Bonds ...	39,200- 0- 0	-	39,200- 0- 0
6. 6% Government of India Bonds 1931. ...	1,13,000- 0- 0	91,900- 0- 0	2,04,900- 0- 0
7. do 1932. ...	29,000- 0- 0	80,300- 0- 0	1,09,300- 0- 0
8. do 1933-6 ...	34,500- 0- 0	10,77,200- 0- 0	11,11,700- 0- 0
9. Government of India Treasury Bills ...	5,00,000- 0- 0	25,000- 0- 0	5,25,000- 0- 0
10 Fixed Deposits of Mysore Bank ...	2,46,009- 0- 6	2,01,245- 2- 0	4,47,254- 2- 6
11 do of other banks ...	69,700- 0- 0	73,100- 0- 0	1,42,800- 0- 0
12 State Life Insurance Bonus invested ...	1,70,905- 0- 0	1,82,900- 0- 0	3,53,805- 0- 0
13 State Provident Fund ...	1,40,972-12- 3	3,40,483- 8-10	4,81,456- 5- 1
14 Advance to be recovered from Govt. Servants for investment under the Advance Scheme ...	99,750- 0- 0	3,16,044- 0- 0	4,15,794- 0- 0
15 5% discount on 1955 loan invested ...	8,05,720- 0- 0	-	8,05,720- 0- 0
16 Premium, Bonus, interest, etc invested ...	1,49,953-13- 0	1,37,174- 8-10	2,87,128- 5-10
Total	161,14,400- 0- 0	254,80,100- 0- 0	415,94,500- 0- 0

Assistant Comptroller.

Abstract of Statement B.

Mysore Government Loans 1930.

Analysis of subscriptions received by Treasuries & Banks

Name of Treasury or Bank.	5% loan 1955.	5½% Bonds 1938.	Total.
Imperial Bank of India, Calcutta Circle including Branches.	5,89,200.	13,55,700.	19,44,900.
Do Bombay Circle including Branches & other Banks.	42,39,700.	99,17,800.	1,41,57,500.
Do Madras including Indian Bank.	22,18,500.	16,21,700.	38,40,200.
Do Bangalore.	89,400.	4,25,100.	5,14,500.
Branches of the Imperial Bank of India, Madras.	2,64,800.	15,48,400.	18,13,200.
Bank of Mysore, Ltd.	14,60,000.	41,99,400.	56,59,400.
Comptroller's Office.	49,99,700.	34,48,800.	84,48,500.
State Huzur Treasury, Bangalore.	6,04,800.	6,69,700.	12,74,500.
Bangalore District.	28,300.	32,800.	61,100.
Kolar "	94,700.	1,34,800.	2,29,500.
Tumkur "	1,01,600.	37,200.	1,38,800.
Shimoga "	1,32,300.	2,09,300.	3,41,600.
Kadur "	27,400.	23,400.	50,800.
Chitaldrug "	1,04,000.	6,86,200.	7,90,200.
Mysore "	6,42,200.	2,16,200.	8,58,400.
Hassan "	77,400.	68,000.	1,45,400.
Investment of State Life Insurance bonus.	1,79,900.	1,82,900.	3,62,800.
" Balances in State Provident Fund.	1,49,300.	3,48,100.	4,97,400.
" under the Advance Scheme.	1,11,200.	3,54,600.	4,65,800.
	1,61,14,400.	2,54,80,100.	4,15,94,500.

18

S.S

Assistant Comptroller.

20/12/30

20.12.30

to the Mysore Government 5% Loan 1955.

Bank or Treasury.				Issued by Comptroller's Office.					
Conversion.		Total.		Cash.		Conversion.		Total.	
No.	Face value.	No.	Face value.	No.	Face value.	No.	Face value.	No.	Face value.
	75700.	52.	403500.	2.	101300.	5.	84400.	7.	185700.
	2100.	132.	2033600.	1.	5000.	31.	1137400.	32.	1142400.
14.	143300.	26.	196400.	1.	500.	3.	33100.	4.	33600.
-	-	9.	13100.	-	-	7.	76300.	7.	76300.
-	-	-	-	21.	116100.	12.	148700.	33.	264800.
24.	221100.	219.	2646600.	25.	222900.	58.	1479900.	83.	1702800.
-	-	5.	38600.	-	-	2.	6000.	2.	6000.
-	-	4.	400000.	-	-	5.	46000.	5.	46000.
-	-	5.	36500.	-	-	-	-	-	-
-	-	2.	505000.	-	-	1.	29000.	1.	29000.
		1	100			1	2500	1	2500
-	-	2.	210000.	1.	100000.	2.	1678500.	3.	1778500.
				1.	100000.				
-	-	19.	1190200.	2.	1862000x	11.	1762000.	12.	1862000.
52.	732000.	169.	1190700.	8.	22700.	30.	246600.	38.	269300.
-	-	-	-	104.	3624900.	44.	1374800.	148.	4999700. *
58.	412700.	83.	445500.	4.	77900.	6.	81400.	10.	159300.
6.	7100.	12.	11500.	6.	5100.	3.	11700.	9.	16800.
18.	253000.	50.	483700.	12.	23300. 233000.	9.	135200.	21.	158500.
8.	5300.	27.	18300.	19.	44100.	6.	39200.	25.	83,300.
5.	8600.	11.	15000.	22.	12100.	1.	300.	23.	12400.
8.	41000.	17.	69000.	-	-	1.	35000.	1.	35000.
15.	57200.	24.	82600.	15.	38600.	3.	11100.	18.	49700.
5.	12100.	20.	29900.	19.	16400.	5.	31100.	24.	47500.
30.	70700.	65	89.100	3.	600	3	5000.	6	5600
153.	867700.	309.	1244600.	100.	218100.	37.	350000.	137.	568100.
229.	1820800.	716.	6272100.	238.	4188600.	180.	5213300.	418.	9401900.
				21.	179900.			21.	179900.
				16.	149300.			16.	149300.
				122.	111200.			122.	111200.
				159.	440400.			159.	440400.
229.	1820800.	716.	6272100.	597.	4629000.	189.	5213300	577.	9842300.

* Includes 12, 90.800 relating to Comptroller's office adjustment.

GB 20.12.30

Statem

Particulars of subscription

Names of Banks or Treasuries.	Total number of applications.						Issued b	
	Cash.		Conversion.		Total.		Cash.	
	No.	Face value.	No.	Face value.	No.	Face value.	No.	Face value.
I. Imperial Bank, Calcutta, and Branches.	45.	429100.	14.	160100.	59.	589200.	43.	32780(
" Bombay. "	132.	2036500.	32.	1139500.	164.	3176000.	131.	2031500
" Madras.	13.	53600.	17.	176400.	30.	230000.	12.	53100
" Bangalore.	9.	13100.	7.	76300.	16.	89400.	9.	13100
Branches - (Madras Circle).	21.	116100.	12.	148700.	33.	264800.	1[illegible]	-
Total.	220.	2648400.	82.	1701000.	302.	4349400.	195.	2425500
(other outside Banks) II. Bank of India, Bombay.	5.	38600.	2.	6000.	7.	44600.	5.	38600
Central Bank, "	4.	400000.	5.	46000.	9.	446000.	4.	400000.
Eastern Bank "	5.	36500.	-	-	5.	36500.	5.	36500.
National Bank "	2/Indep	505000.	1.	29000.	3.	534000.	2.	565000
Mercantile Bank	1	100	1	2500	2	2600	1	100
Indian Bank, Madras.	3.	310000.	2.	1678500.	5.	1988500.	2.	210000
Total.	20.	1290200.	11.	1762000.	31.	3052800.	19.	1190201
III. Mysore Bank. and Branches	125.	481400.	82.	978600.	207.	1460000.	117.	458700.
IV. Comptroller's Office.	104.	3624900.	44.	1374800.	148.	4999700.	-	-
V. S.H. Treasury.	29.	110700.	64.	494100.	93.	604800.	25.	32800
Bangalore Dist.	12.	9500.	9.	18800.	21.	28300.	6.	4400
Mysore Dist.	44.	254000.	27.	388200.	71.	642200.	32.	2307
Tumkur Dist.	38.	57100.	14.	44500.	52.	101600.	19.	130
Kadur "	28.	18500.	6.	8900.	34.	27400.	6.	64
Chitaldrug "	9.	28000.	9.	76000.	18.	104000.	9.	280
Shimoga "	24.	64000.	18.	68300.	42.	132300.	9.	25[illegible]
Hassan "	34.	34200.	10.	43200.	44.	77400.	15.	17[illegible]
Kolar "	38.	19000.	33.	75700.	71	94700	35.	18
Total.	256.	595000.	190.	1217700.	446.	1812700.	156.	3769
Total of I to V.	725.	8639900.	409.	7034100.	1134.	15674000.	487.	4451
VI. Insurance Scheme.	21.	179900.			21.	179900.		
S.P.F.	16.	149300.			16.	149300.		
Advance to Govt. servants.	122.	111200.			122.	111200.		
Total.	159.	440400.			159.	440400.		
Grand Total.	884.	9080300.	409.	7034100.	1293.	16114400.	487.	445

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Particulars of subscriptions to t

	Total No. of applications.						Issued by B Treas	
	Cash.		Conversion.		Total.		Cash	
	No.	Face value.	No.	Face Value.	No.	Face value.	No.	Face valu
1. Imperial Bank of India Calcutta and Branches.	124.	1170500.	36.	185200.	160.	1355700.	119.	115
2. " Bombay — do —	655.	5000100.	126.	1052800.	781.	6052900.	642.	496
" Madras.	131.	722400.	36.	414800.	167.	1137200.	122.	65
" Bangalore.	33.	156800.	21.	268300.	54.	425100.	33.	15
Branches (Madras Circle.)	103.	509600.	19.	1038800.	122.	1548400.	-	
II Other outside Banks Total.	1046.	7559400.	238.	2959900.	1284.	10519300.	916.	693
H. Bank of India, Bombay.	112.	974200.	24.	362200.	136.	1336400.	112.	97
Central Bank, "	11.	1425000.	18.	449000.	29.	1874000.	11.	142
Eastern Bank "	28.	86300.	5.	21700.	33.	108000.	28.	8
National Bank "	5/Indents	544000.	-	-	5.	544000.	4.	54
Mercantile "	1/Indents	2500.	-	-	1.	2500.	1.	
Indian Bank, Madras.	61.	188300.	16.	296200.	77.	484500.	57.	17
Total.	218.	3220300.	63.	1129100.	281.	4349400.	213.	320
III Mysore Bank and Branches.	635.	3434500.	124.	764900.	759	4199400.	616.	337
IV Comptroller's Office.	112.	1393500.	150.	2055300.	262.	3448800.	-	
V. S.H. Treasury.	107.	654000.	10.	15700.	117.	669700.	91.	63
Bangalore Dt.	10.	29600.	2.	3200.	12.	32800.	10.	2
Mysore "	89.	185200.	12.	30000.	101.	216200.	84.	17
Tumkur "	30.	28600.	6.	8600.	36.	37200.	29.	2
Kadur "	12.	21400.	1.	2000.	13.	23400.	12.	2
Chitaldrug "	73.	667500.	5.	18700.	78.	686200.	69.	15
Shimoga "	55.	194500.	6.	14800.	61.	209300.	51.	18
Hassan "	32.	63800.	6.	4200.	38.	68000.	28.	5
Kolar "	71.	119400.	12.	15400.	83.	134800.	70.	11
Total.	479.	1964000.	60.	113600.	539.	2077600.	444.	139
Total 1 to V.	2490.	17571700.	635.	7022800.	3125.	24594500.	2189.	1491
VI. Insurance Scheme.	58.	182900.			58.	182900.		
State Provident Fund.	145.	348100.			145.	348100.		
Advances to Govt. servants.	379.	354600.			379.	354600.		
Total.	582.	885600.			582.	885600.		
Grand Total.	3072.	18457300.	635.	7022800.	3707.	25480100.	2189.	1491

* Includes 8.36.000 relating to Comptroller's o

ment A

New Mysore Government 5½% Bonds of 1938.

r or /.	Conversion No.	Conversion Face value.	Total. No.	Total. Face value.	Issued by Comptroller's Office. Cash No.	Cash Face value.	Conversion No.	Conversion Face value.	Total. No.	Total. Face value.
00.	12.	47500.	131.	1202000.	5.	16000.	24.	137700.	29.	153700.
00.	11.	42000.	653.	5006600.	13.	35500.	115.	1010800.	128.	1046300.
00	30.	337300.	152.	994600.	9.	65100.	6.	77500.	15.	142600.
00.	-	-	33.	156800.	-	-	21.	268300.	21.	268300.
	-	-	-	-	103.	509600.	19.	1038800.	122.	1548400.
00.	53.	426800.	969.	7360000.	130.	626200.	185.	2533100.	315.	3159300.
00.	-	26200.	182.	1000400.	-	-	24.	336000.	24.	336000.
00.	-	-	11.	1425000.	-	-	18.	449000.	18.	449000.
00.	-	-	28.	86300.	-	-	5.	21700.	5.	21700.
00.	-	-	4.	543600.	1.	400.	-	-	1.	400.
00.	-	-	1.	2500.	-	-	-	-	-	-
00.	-	-	57.	174300.	4.	14000.	16.	296200.	20.	310200.
00.	-	26200.	213.	3232100.	5.	14400.	63.	1102900.	68.	1117300.
00.	111.	684600.	727.	4060000.	19.	59100.	13.	80300.	32.	139400.
	-	-	-	-	112.	1393500.	150.	2055300.	262.	3448800.
00.	7.	8800.	98.	641800.	16.	21000.	3.	6900.	19.	27900.
00.	2.	3200.	12.	32800.	-	-	-	-	-	-
00.	5.	11000.	89.	184600.	5.	11600.	7.	20000.	12.	31600.
00.	3.	1800.	32.	29900.	1.	500.	3.	6800.	4.	7300.
00.	-	-	12.	21400.	-	-	1.	2000.	1.	2000.
00.	4.	17700.	73.	173000.	4.	512200.	1.	1000.	5.	513200.
00.	6.	14800.	57.	200900.	4.	8400.	-	-	4.	8400.
00.	5.	4000.	33.	58500.	4.	9300.	1.	200.	5.	9500.
00.	9.	9800.	79.	124200.	1.	5000.	3.	5600.	4.	10600.
00.	41.	71100.	485.	1467100.	35.	568000.	19.	42500.	54.	610500.
00.	205.	1208700.	2394.	16119200.	301.	2661200.	430.	5814100.	731.	8475300.
					58.	182900.			58.	182900.
					145.	348100.			145.	348100.
					379.	354600.			379.	354600.
					582.	885600.			582.	885600.
00.	205.	1208700.	2394.	16119200.	~~2394.~~ 883.	3546800.	430.	5814100.	1313.	9360900

adjustment.

20.12.

Statement-E.

Comparative Statement of expenditure incurred in connection with the 5% and 5½% Loans of 1930.

Particulars.		5% & 5½% Loans of 1930 Amount in Rupees	6½% & 7% Loans of 1921 Amount in Rupees.
I	Brokerage ...	16,993	94,403
II	Commission ...	60,827	
III	Advertisement Charges in News Papers	8,342	28,858
	Posters	781	-
IV	Bank Charges ...	1,186	1,494
V	Contingencies ...	989	1,175
VI	Establishment ...	4,252	6,003
		93,370	131,933
VII	Advance Interest on 5% Loan 1955	1,23,366	
VIII	do 5½% 1938	1,97,583	
IX	Premium on 7% Loan 1931.	1,36,455	
X	do Bonus on 7% loan 1931	24,285	
	Total	5,75,059	

Assistant Comptroller.

MSR

Statement. D1.

Statement showing analysis of applications according to the amount subscribed for the 5% & 5½% Loans of 1930.

		5% Loan of 1955.		5½% Bonds of 1938.		Total.		
		No. of applications.	Amount.	No. of applications.	Amount.	No. of applications.	Amount.	Average value of application.
Class I.	Below Rs.1000.	492.	2,31,200.	1115.	4,66,500.	1607.	6,97,700.	434- 2-0.
Class II.	Rs.1000 and above but less than Rs.15,000.	640.	27,77,000.	2245.	86,32,100.	2885.	1,14,09,100.	3,954-10-0.
Class III.	Rs.15,000/- and above but less than 1 lakh.	129.	38,32,900.	311.	88,72,400.	440.	1,27,05,300.	28,875-10-0.
Class IV.	Rs.1 lakh and above.	32.	92,73,300.	36.	75,09,100.	68.	1,67,82,400.	2,46,800- 0-0.
	Total.	1293.	1,61,14,400.	3707.	2,54,80,100.	5000.	4,15,94,500.	8,319- 0-0.

Assistant Comptroller.

26/12/30

Statement. D2.

List of persons who have subscribed Rs.5 lakhs and above for 5% and 5½% Loans of 1930.

Name.	Address.	Amount subscribed.	
		5% Loan.	5½% Bonds.
1. The Dewan of Cochin.	Cochin.	21,78,500.	5,00,000
2. The Bank of Mysore, Ltd.	Bangalore.		10,00,000.
3. H[illegible] Highness the Maharani Regent.	Travancore.		8,12,000.
4. Indian Life Assurance Co, Ltd.	Karachi.	8,00,000.	
5. Mrs. D. Sakamma.	Bangalore.	6,67,400.	
6. Tumkur District Board.	Tumkur.	[illegible]	6,50,000.
7. Raja Bahadur Bansilal Motilal.	Hyderabad (Deccan).	6,25,000.	
8. Narayanlal Bansilal.	~~Hyderabad (Deccan).~~ Bombay.	5,26,300.	
9. Chitaldrug District Board.	Chitaldrug.		5,00,000.

27,97,200 34·62 62,59,200

S.S

Assistant Comptroller.

S T A T E M E N T - C

Consolidated Districtwar Statement of subscriptions received from within the State for the 5% & 5½% Loans

District	Receipt at the Treasury		Receipt at the Bank-of Mysore.		Receipt at the Comptroller's Office.		Receipt at the Imperial Bank. Bangalore.		Total Receipts		Grand Total
	5%	5½%	5%	5½%	5%	5½%	5%	5½%	5%	5½%	
1. Bangalore	633100	702500	882400	2631200	2319000	650100	87800	281600	3922300	4265400	8187700
2. Mysore	642200	216200	435500	420100	1245900	200700	-	2200	2323600	839200	3162800
3. Kolar	94700	134800	200	137600	11500	1000	-	40000	106400	313400	419800
4. Tumkur	101600	37200	18800	80000	12100	656000	-	-	132500	773200	905700
5. Shimoga	132300	209300	400	207600	12000	19900	-	-	144700	436800	581500
6. Hassan	77400	68000	9100	12000	8200	3100	-	-	94700	83100	177800
7. Chitaldrug	104000	686200	500	132400	-	3800	-	-	104500	822400	926900
8. Kadur	27400	23400	-	37700	11400	40500	-	-	38800	101600 ~~10600~~	140400
	1812700	2077600	1346900	3658600	3620100	1575100	87800	323800	6867500	7635100	145,02,600

Asst. Comptroller

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

By applications on 31-10-1930. (8th Supplemental).

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	3,75,950	4,71,800	64,13,562	1,66,22,123
2. ,, 7% Bonds of 1931 ...		100	43,65,264	47,56,169
6% " 1941-51.			1,20,000	
3. ,, 5½% conversion Bonds 1929-44 ...			1,32,700	
4. ,, 5% S. B. Fixed Deposits.			29,95,741	
5. ,, 5% Akkihebbal Debentures			39,200	
6. ,, Govt. of India 6% Bonds 1931			1,20,000	47,900
7. ,, do 1932 ...			29,100	87,300
8. ,, do 1933-36...			18,500	10,72,200
9. ,, do Treasury Bills.			5,00,000	25,000
10. ,, Fixed Deposits in Mysore Bank			3,57,703	2,74,679
11. Under advance scheme ...			1,02,900	3,68,400
12. By conversion of P. F. balance ...			1,42,800	3,45,300
13. ,, Life Insurance Scheme..			1,79,900	1,32,900
Total..	3,75,950.	4,71,900.	155,17,38[illegible]	.2,37,62,476
II. By Telegraphic intimation received today ..				
III. By Telegraphic intimation received to end of yesterday for which applications are not yet received				1,56,000
Grand Total ..			155,17,38[illegible]	.2,39,37,476

Analysed by treasuries, etc.—

1. Comptroller .. ..
2. Treasuries .. ..
3. The Bank of Mysore, Ltd. .. .. ..
4. The Imperial Bank of India & Branches .. ..
5. Other Banks .. ..

Total.. 3,94,54,869.

COMPTROLLER'S OFFICE,

Bangalore, dated 6th November 1930.

6.11.30

For Comptroller.

COM166J-600-18-8-30

GOVERNMENT OF MYSORE.

FINANCIAL DEPARTMENT.

NOTIFICATION NO. FL. 1076 Gf.6:30.3 DATED 7th AUGUST 1930.

****

MYSORE GOVERNMENT LOANS, 1930. FREE OF INCOME-TAX.

THE GOVERNMENT OF MYSORE INVITE SUBSCRIPTIONS FOR AN ISSUE OF (a) FIVE PER CENT LOAN 1955 AND (b) FIVE AND A HALF PER CENT BONDS 1938. BOTH ISSUES WILL BE OPEN FOR SUBSCRIPTION FROM 15TH AUGUST 1930 TO 31ST OCTOBER 1930, PROVIDED THAT THE GOVERNMENT RESERVE THE OPTION TO CLOSE EITHER OR BOTH ISSUES WITHOUT NOTICE. AS SOON AS THE TOTAL FACE VALUE OF THE LOAN AND BONDS SUBSCRIBED FOR IN CASH AND BY CONVERSION AMOUNTS TO ABOUT RUPEES THREE CRORES. BOTH ISSUES WILL BE FREE OF INCOME-TAX THROUGHOUT THEIR CURRENCY, BUT THE INTEREST WILL BE TAKEN INTO ACCOUNT IN DETERMINING THE RATE AT WHICH THE TAX WILL BE LEVIED ON OTHER INCOME. INTEREST ON LOAN BONDS PAID IN BRITISH INDIA WILL BE FREE OF BRITISH INDIAN INCOME TAX ALSO (AND RECEIPTS FOR DRAWING SUCH INTEREST ARE EXEMPT FROM BRITISH INDIAN STAMP DUTY). A SINKING FUND WILL BE FORMED FOR THE REPAYMENT OF THE LOANS.

A
Subject to the approval of the C.J. which has been applied for.

SUBSCRIPTIONS TO BOTH ISSUES MAY BE IN CASH, OR CHEQUE OR IN THE FORM OF MYSORE GOVERNMENT 7% BONDS 1931.MYSORE GOVERNMENT 5 YEAR 5% FIXED DEPOSITS, MYSORE GOVERNMENT 5½% CONVERSION BONDS - 1929-44, GOVERNMENT OF INDIA TREASURY BILLS, GOVERNMENT OF INDIA 6 PER CENT BONDS, MYSORE DISTRICT BOARD 5% DEBENTURES OF THE AKKI-HEBBAL BRIDGE LOAN AND FIXED DEPOSIT RECEIPTS OF THE IMPERIAL BANK OF INDIA AND OF THE MYSORE BANK WILL ALSO BE ACCEPTED AS SUBSCRIPTION SUBJECT TO THE CONDITIONS MENTIONED BELOW UNDER "SUPPLEMENTARY PROVISIONS"

SUBSCRIPTIONS WILL BE RECIVED AT THE COMPTROLLER'S OFFICE, BANGALORE, ALL TREASURIES IN THE STATE, THE HEAD OFFICE AND BRANCHES OF THE BANK OF MYSORE AND THE IMPERIAL BANK OF INDIA, BANGALORE, AND THE BANKS MENTIONED IN PARA 19.

INTEREST ON BOTH THE ISSUES - (1) LOAN AND (2) BONDS WILL BE PAID AT ANY TREASURY OF THE STATE OR AT ANY DISTRICT TREASURY IN BRITISH INDIA, AT THE IMPERIAL BANK, MADRAS OR AT THE BANK OF MYSORE AT ITS HEAD OFFICE AND THE BRANCHES.

I. FIVE PER CENT LOAN - 1955.

ISSUED AT 95 RUPEES PER CENT AND REPAYABLE AT PAR ON 1ST NOVEMBER 1955.

2. DATE OF REPAYMENT:- The loan will be repaid at par on the 1st November 1955.

3. ISSUE PRICE:- The issue price will be Rs 95/- for every Rs 100/- of the loan applied for.

4. INTEREST:- The loan will bear interest at the rate of five per cent per annum from 1st November 1930. Interest will be payable half yearly on 1st May and 1st November. Advance interest from date of application to 31st October 1930 inclusive will be paid at the time of issue of securities at the rate of 5 per cent per annum on the nominal value of the loan subscribed for.

II. FIVE AND A HALF PER CENT BONDS.

ISSUED AT PAR i.e., (Rs100/- PER CENT) AND REPAYABLE AT PAR on 1st November IN 1938.

5. DATE OF REPAYMENT:- The bonds will be repaid at par on the 1st November 1938.

6. ISSUE PRICE:- The issue price will be Rs 100/- for every Rs 100/- of the bonds applied for.

7. INTEREST:- The bonds will bear interest at the rate of five and a half per cent per annum from the 1st November 1930. Interest will be payable half yearly on 1st May and 1st November. Advance interest from the date of application to the 31st October 1930 inclusive, will be paid at the time of issue of securities at the rate of 5½ per cent per annum on the nominal value of th-

the bonds subscribed for

CONVERSION TERMS.

8. SEVEN PER CENT MYSORE GOVERNMENT BONDS 1931 will be accepted as subscription to either issue, viz., (1) Loan or (2) Bonds or both as the equivalent of cash at Rs 101½/- per Rs 100/- nominal. Interest at the rate of 7% due on the Bonds from 1st May 1930 to the date of application will be paid along with the advance interest on the new loan or bond at the issue rate from the date of application to 31st October 1930 inclusive, at the time of delivery of the new securities. Provided that in the case of subscription received in 7% bonds before the end of August 1930 a cash bonus will be paid in addition calculated on the face value of the bonds tendered for subscription as follows:-

(i) 4 annas% for conversion into the 5½% 1938 bonds.

(ii) 6 annas% for conversion into the 5% 1955 Loan.

9. FIVE PER CENT MYSORE GOVERNMENT FIVE YEAR FIXED DEPOSITS.

These deposits will be accepted at their face value for subscription to the 5 per cent Loan. Interest at 5% on tl Fixed Deposits will be paid from the last due date to the date of application along with the advance interest on the new security from the date of application to 31st October inclusive at the time of its delivery.

10. MYSORE DISTRICT BOARD 5% DEBENTURES OF AKKI-HEBBAL BRIDGE. LOAN.

These debentures will be accepted at their face value as subscription into the 5% Loan, interest being paid at 5% from the last due date to the date of application along with the advance interest on the new issue from the date of application to 31st October 1930 inclusive at the time of delivery of the securities.

11. FIVE AND A HALF PER CENT MYSORE GOVERNMENT BONDS 1929-44. These bonds will be received at par value as subscription to the 5% Loan provided that an amount equal to the face value of the bonds tendered or the nearest equivalent thereto is also subscribed for to either issue in cash or by conversion. Interest on the 5½% bonds from the last due date to the date of application, will, after deducting income-tax, be paid along with the advance interest on the new issue from the date of application to 31st October inclusive at the time of delivery of the new securities.

12. GOVERNMENT OF INDIA SIX PER CENT BONDS 1931, 1932 & 1933-6.

These bonds will be accepted as equivalent of cash as subscription for either issue at the rate of Rs 100-8-0, 101-0-0 & 100-0-0 per Rs 100/- nominal respectively. The interest on the bonds from the last due date to date of application will be paid along with the advance interest on the new issues from the date of application to 31st October 1930 inclusive at the time of delivery of the new securities.

13. GOVERNMENT OF INDIA TREASURY BILLS PAYABLE AT MADRAS, CALCUTTA AND BOMBAY.

These Bills will be accepted as cash subscription for either issue at their face value less discount at the rate of 4½ per cent per annum on the unexpired portion of the currency of the bills.

14. FIXED DEPOSIT RECEIPTS OF THE IMPERIAL BANK OF INDIA, BANGALORE, MADRAS AND BOMBAY OR OF THE MYSORE BANK, BANGALORE, which ~~will~~ fall due for repayment on or before 31st October 1930. These receipts may also be accepted as cash subscription for either issue subject to the approval of the Bank authorities in each case. Interest on the Deposit Receipts will be paid at the rates mentioned therein from the last due date to the date of application at the time of delivery of the new securities.

15. In all cases of conversion where the cash value of the securities presented is not an exact multiple of one of the denominations mentioned in paragraph 21 below, the subscriber will have the option of paying cash so as to make up for the difference between the next higher multiple and the said cash value or of receiving in cash the excess over the next lower multiple.

SUPPLEMENTARY PROVISIONS.

16. CHEQUES should be drawn in favour of the Officer to whom the application is presented. The new securities will, in this case, be issued only after the cheques are realised, and on return of the temporary receipts issued in acknowledgment of applications.

17. Depositors in the Mysore Government Savings Bank wishing to subscribe to the Loans should present their Pass Books along with withdrawal forms at the Treasuries where their accounts are kept.

Vide Hy D. To be entered on receipt of replies from the Banks, which have been addressed

18. The following Banks ~~(vide statement D attached)~~ are authorised to receive subscriptions for the Loans both in cash and in the form of securities specified in paras 8 to 14 above.

19. The Loan Bonds will be issued in the form of:-

(a) STOCK:- The applicants for which will be given Stock Certificates, or

(b) PROMISSORY NOTES:- If no preference is stated by the applicant, the securities will be issued in the form of Promissory Notes.

20. Promissory Notes will be issued over the counter:- as far as f.

(a) In all cases where cash is tendered;

(b) Where Mysore Government Five per cent Five Year Fixed Deposit Receipts are tendered at the treasuries at which interest on them is payable;

(c) Where securities specified in paras 8 to 14 are tendered (i) by persons in whose favour they were originally issued and there are no endorsements on them;

(ii) by subsequent endorsees, if the securities are certified by the Comptroller, or the Public Debt Office at the Imperial Bank, Madras and Public Debt Office at Bombay and Calcutta, as the case may be.

Stock Certificates in all cases and Promissory Notes in cases other than those mentioned under (a) to (c) above will be issued later by the Comptroller to the Government of Mysore, in return for the temporary receipts issued in acknowledgment of applications.

21. The Promissory Notes will be issued in the following denominations:-

Rs 100, 500, 1,000, 5,000, 10,000, 25,000, 50,000,& 1,00,000.

Stock Certificates will be issued for any multiple of Rs 100.

22. Applications may be in the form attached hereto (which will be supplied on requisition) or in any other form which states clearly the amount and description of the new Securities required, the full name and address of the applicant, the amount of cash or other securities tendered and the Treasury or the Bank at which interest payment is desired.

23. (a) Government of India Treasury Bills and Government Securities in the form of Pro-notes tendered in lieu of cash should be endorsed as:

"Pay to the Comptroller, Mysore Government".

(b) If the securities are in the form of Stock Certificates, the transfer deed on the back of the form must be signed before a witness in favour of the "Comptroller, Mysore Government"

(c) Mysore Government Five Per Cent Five Year Fixed Deposit Receipts should be endorsed as "Contents received. Pay to the Comptroller, Mysore Government"

(d) Fixed Deposit Receipts of the Imperial Bank of India and of the Bank of Mysore, should be blank endorsed and should be accompanied with a separate letter of authority addressed to the Managers of the Banks concerned empowering them to make over the

the Principal and interest of the fixed deposit receipts to the Comptroller to the Government of Mysore on maturity.

24. Brokerage will be paid at the following rates to recognised Brokers and Bankers in respect of applications bearing their stamps :-

(1) If the application is received on or before 31st August 1930 and the amount applied for is Rs One lakh or over, one-fourth per cent for applications for the 5 per cent 1955 Loan and 3/16% for applications for the 5½ per cent 1938 bonds; (2) in all other cases during the whole period of offer, one-eigth per cent, on the face value of the loan bonds applied for -

STATEMENT 'D'.

LIST OF BANKS AUTHORISED TO RECEIVE SUBSCRIPTIONS.

(1) THE Head Offices and branches of the Imperial Bank of India.

(2) The National Bank of India, Bombay and Madras.

(3) The Eastern Bank, Bombay, Calcutta, and *Madras.

(4) The Central Bank of India, Bombay., and *Hyderabad (Dn).

(5) The Mercantile Bank of India, Bombay and Madras.

(6) The Bank of India, Bombay

(7) The Indian Bank, Madras.

(8) The Chartered Bank of India, Australia and China Bombay and Madras.

* (9) The Allahabad Bank Ltd., Bombay.

* (10) The Bank of Baroda, Bombay.

* (11) The Hindustan Bank Ltd., Madras.

* (12) The Provincial Co-operative Appex Bank, Bangalore.

* (13) The Central Co-operative Bank, Bangalore.

* (14) The City Co-operative Bank Ltd., Bangalore.

* (15) The City Co-operative Bank Ltd., Mysore.

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* These are included for the first time in this list.

GPS 2.4.30

Statement of committments on account of large Capital Works

Name of work	Amount of estimate.	Estimated expenditure to end of 1930-31 in Lakhs	Balance still to be provided for in Lakhs
38. Krishnaraja-Sagara and other Irrigation Works Dam Works	35,47,750	15.44	20.04
Irwin Canal Works	222,00,000	119.71	102.29
Electrical Works	39,31,000	29.44	9.87
New Bangalore Water Supply Project	50,33,000	17.51	32.82
Depreciation Fund Works -			
Electrical	16,38,200	15.44	94
			165.96 or
			166 lakhs
	Deduct amount that could be met from incomings under debt heads for 3 years		105 lakhs
	Balance to be obtained from Loan ...		61 Lakhs

Re Capital works and Annual requirements under Machinery need also be considered. I think a sum of Rs loaned for expenditure with Govt Sanction. But it is proper to limit the entire demand to about Rs 25 lakhs a year. 18/9-

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

By applications on 17 - 0 - 1930.

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	1,04,681	6,97,766	40,15,005	1,04,01,591.
6½% Bonds 1941-51.	-	-	1,20,000	-
2. ,, 7% Bonds of 1931 ...	08,200	2,77,612	41,34,059	38,78,969
3. ,, 5½% conversion Bonds 1929-44 ...	-	-	1,28,700	-
4. ,, 5% S. B. Fixed Deposits.	14,680	-	23,76,120	-
5. ,, 5% Akkihebbal Debentures	200	-	36,500	-
6. ,, Govt. of India 6% Bonds 1931	-	15,000	92,000	43,500
7. ,, do 1932 ...	-	8,500	25,100	81,500
8. ,, do 1933-36...	-	-	32,500.	10,60,000
9. ,, do Treasury Bills.	5,00,000	-	5,00,000.	25,000
10. ,, Fixed Deposits in Mysore Bank	-	-	28,250.	1,23,568
11. Under advance scheme ...	~~400~~ 20	5,800	75,~~070~~ 450	1,60,700
12. By conversion of P. F. balance ...	-	16,000	1,41,400.	2,96,500
13. ,, Life Insurance Scheme..	15,400	1,400	1,20,800.	1,21,600
Total..	8,13,~~181~~ 561.	10,20,070.	118,25,~~484~~ 864.	1,62,12,920.
II. By Telegraphic intimation received today ..			-	-
III. By Telegraphic intimation received to end of yesterday for which applications are not yet received			-	1,78,000.
Grand Total ..			118,25,~~484~~ 864.	1,63,07,920.

Analysed by treasuries, etc.—

1. Comptroller .. .. ..
2. Treasuries .. .. ..
3. The Bank of Mysore, Ltd. ..
4. The Imperial Bank of India & Branches
5. Other Banks

Total.. 2,82,15,~~412~~ 792.

COMPTROLLER'S OFFICE,

Bangalore, dated 18th September *1930.*

for Comptroller.

COM166J-600-18-8-30

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

By applications on 19-9-1930.

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	42,733	4,84,375	41,03,650	1,10,41,395
2. ,, 7% Bonds of 1931 ...	2,100	2,33,500	41,37,139	41,14,219
" 6% " 1941-1951	-	-	1,20,000	-
3. ,, 5½% conversion Bonds 1929-44 ...	-	-	1,28,700	-
4. ,, 5% S. B. Fixed Deposits.	31,100	-	24,29,920	-
5. ,, 5% Akkihebbal Debentures	-	-	36,500	-
6. ,, Govt. of India 6% Bonds 1931	-	-	92,000	43,500
7. ,, do 1932 ...	-	-	25,100	61,500.
8. ,, do 1933-36...	-	3,000	32,500	10,63,000
9. ,, do Treasury Bills.	-	-	5,00,000	25,000.
10. ,, Fixed Deposits in Mysore Bank	-	-	28,250	1,69,568
11. Under advance scheme ...	-	2,700	75,650	1,07,000
12. By conversion of P. F. balance ...	900	900	1,42,300	3,01,800
13. ,, Life Insurance Scheme..	-	-	1,44,500	1,22,600
Total..	76,833.	7,24,475.	119,96,209.	1,71,52,282

II. By Telegraphic intimation received today ..

III. By Telegraphic intimation received to end of yesterday for which applications are not yet received .. ..

Grand Total .. 119,96,209. 1,71,52,282

Analysed by treasuries, etc.—

1. Comptroller .. ..
2. Treasuries .. ..
3. The Bank of Mysore, Ltd. .. .. ..
4. The Imperial Bank of India & Branches .. ..
5. Other Banks .. ..

Total 2,91,48,491.

COMPTROLLER'S OFFICE,
Bangalore, dated 20th September 1930.

K. Y. [illegible]
for Comptroller.

COM166J-600-18-8-30

DEWAN'S OFFICE
1542
27 SEP. 1930

DAILY REPORT OF SUBSCRIPTIONS RECEIVED.

By applications on 25-9-1930.

Details	Subscriptions received for		Progressive Total	
	5% 1955 Loan	5½% 1938 Bonds	5% 1955 Loan	5½% 1938 Bonds
1. By Cash	61,330	2,04,990	42,59,504	1,19,88,219
2. ,, 7% Bonds of 1931 ...	-	-	41,55,739	41,72,969
" 6½% " 1941-51.	-	-	1,20,000	-
3. ,, 5½% conversion Bonds 1929-44 ...	-	-	1,28,700	-
4. ,, 5% S. B. Fixed Deposits.	49,400-	-	25,06,935	-
5. ,, 5% Akkihebbal Debentures	-	-	36,500	-
6. ,, Govt. of India 6% Bonds 1931	-	18,500	1,06,000	62,000
7. ,, do 1932 ...	-	-	28,100	81,500
8. ,, do 1933-36...	-	5,000	32,500	10,68,000
9. ,, do Treasury Bills.	-	-	5,00,000	25,000
10. ,, Fixed Deposits in Mysore Bank	1,55,200	12,000	1,83,450	1,81,568
11. Under advance scheme ...	-	500	80,650	1,98,300
12. By conversion of P. F. balance ...	-	20,500	1,42,300	3,27,400
13. ,, Life Insurance Scheme..	-	34,100	1,44,500	1,67,800
Total..	2,65,930.	2,95,590.	124,24,878.	1,82,72,756.
II. By Telegraphic intimation received today ..			-	-
III. By Telegraphic intimation received to end of yesterday for which applications are not yet received			-	3,50,000.
Grand Total ..			124,24,878.	1,86,22,756.

186
124
310

Analysed by treasuries, etc.—

1. Comptroller .. ..
2. Treasuries .. ..
3. The Bank of Mysore, Ltd. .. .. ..
4. The Imperial Bank of India & Branches .. ..
5. Other Banks .. ..

Total.. 3,10,47,634.

3632/26.9

For personal
(40% — 5% loan
60% 5½% bonds)

COMPTROLLER'S OFFICE,
Bangalore, dated 26th September 1930.

For Comptroller.

COM166J-600-18-8-30

Dewan
26/9/30

Government of his highness the Maharaja of Mysore.

FINANCIAL DEPARTMENT.

G. O. No. Fl. 6373-426—G. F. 200-29-9, dated 13th February 1931.

Report on the Loan Operations of 1930.

passes orders on the final ——.

READ—

A.

Letter No. 2459—S. L. dated 23 December 1930, from the Comptroller, submitting his final report on the Loan Operations of 1930.

ORDER NO. FL. 6373-426—G. F. 200-29-9, DATED 13TH FEBRUARY 1931.

Recorded.

2. Government are glad to observe that the response to the invitation to subscribe to the State Loan notified on the 11th August 1930 was most satisfactory and that it was over-subscribed. The terms and conditions on which the loan was raised show the high credit which the State commands in the money market.

3. This issue was the third large loan floated by the State. Two issues of the loan were offered as in the year 1921, with a view to meet the varying requirements of the investors, one of which was a short term eight year bond carrying interest at 5½ per cent per annum and issued at par and the other a long term 5 per cent loan repayable in 25 years at par but issued at 95 per cent. Conversion terms were offered to the holders of the Mysore Government 7 per cent bonds and other securities.

4. Having regard to the conditions of the money market at the time of the floatation of the loan, Government offered to take a sum of about Rs. 3 crores and this amount was subscribed in less than half the time during which it was proposed to keep the offer open. Government decided to keep the lists open until subscriptions amounted to about Rs. 4 crores to enable them to meet the several demands including the requirements of capital works in the next few years. The lists were closed on the 31st October 1930. The report shows that the loan proceeds amounted to Rs. 415·94 lakhs (Rs. 2,54,80,100 for the 5½ per cent bonds 1938 and Rs. 1,61,14,400 for the 5 per cent Loan 1955.)

5. It is gratifying to note that subscriptions to the loan have come from all parts of India and that the long dated issue has proved popular testifying to the confidence which the securities of the Mysore Government enjoy with the investing public.

6. As on previous occasions, the Bank of Mysore, Ltd., offered accommodation on favourable terms to intending investors in the Loan. The total amount subscribed through the Bank was Rs. 56½ lakhs. Government desire to express their thanks to this Bank as well as to the marginally noted Banks outside the State who have co-operated with the Comptroller in making the Loan a success.

Head Offices and Branches of the Imperial Bank of India, Ltd.
The Indian Bank, Ltd., Madras.
The Central Bank of India, Ltd., Bombay.
The National Bank of India, Ltd., ,,
The Bank of India, Ltd., ,,
The Eastern Bank of India, Ltd., ,,
The Mercantile Bank of India, Ltd., ,,

7. One noticeable feature of the Loan is that only a very small fraction of it was taken up by subscribers of amounts less than Rs. 1,000. The bulk of the subscriptions came from applicants of Rs. 15,000 and above. There were 68 applications of over a lakh of rupees each and among the largest subscribers may be mentioned the Governments of Travancore and Cochin who subscribed Rs. 26,78,500 and Rs. 8,12,000 respectively.

8. The work done by the Comptroller's Office in connection with the floatation of the loan has been very satisfactory. Applications for an aggregate amount of Rs. 84½ lakhs, *i.e.*, about one-fifth of the total subscriptions were received directly and handled in the Comptroller's Office and in less than a couple of months after the close of the subscriptions list, the entire work relating to the Loan Operation including the closing of the accounts has been completed.

9. The operations relating to the Loan including its economical management reflect great credit on the Comptroller and the appreciation of Government will be conveyed to him. Government note with pleasure the good work done in connection with the Loan by the Officers mentioned by the Comptroller, the Publicity Office and the Mysore Government Press.

B. SREENIVASA IYENGAR,
Secretary to Government,
Financial Department.

To—The Comptroller to Government.
The Heads of Departments.
The Deputy Commissioners of Districts.
PRESS TABLE.

Exd—P. S. R. N.

W D 1855—GPB—445—18-2-31.

REPORT ON THE LOAN OPERATIONS OF THE MYSORE GOVERNMENT LOANS, 1930.

WITH THE GOVERNMENT REVIEW THEREON.

Government of His Highness the Maharaja of Mysore.

FINANCIAL DEPARTMENT.

G. O. No. Fl. 6373-426—G. F. 200-29-9, dated 13th February 1931.

Report on the Loan Operations of 1930.

Reviews the ——.

READ—

Letter No. 2459—S. L., dated 23rd December 1930, from the Comptroller, submitting his Final Report on the Loan Operations of 1930.

ORDER NO. FL. 6373-426—G. F. 200-29-9, DATED 13TH FEBRUARY 1931.

Recorded.

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9. The operations relating to the loan including its economical management, reflect great credit on the Comptroller and the appreciation of Government will be conveyed to him. Government note with pleasure the good work done in connection with the loan by the Officers mentioned by the Comptroller, the Publicity Office and the Mysore Government Press.

B. SRINIVASA IYENGAR,
Secretary to Government,
Financial Department.

To—The Comptroller to Government.
The Heads of Departments.
The Deputy Commissioners of Districts.
PRESS TABLE.
Exd.—C. K.

W D 1855—GPB—100—28-10-31

No. 2459—S. L. Enclos.
Two Charts & Eight Stts.

OFFICE OF THE COMPTROLLER TO THE GOVT. OF H. H. THE MAHARAJA OF MYSORE,
Bangalore, dated 23rd December 1930.

FROM

S. SHAMANNA, ESQ., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

Rajasevaparayana
B. SRINIVASA IYENGAR, ESQ., B.A., B.L.,
Financial Secretary to the Government
of Mysore, Bangalore.

SIR,

Report on the Loan Operations of the Mysore Government Loans, 1930

I have the honour to submit the following final report on the operations connected with our recent loans

1. PRELIMINARY HISTORY.

In his address to the Legislative Council in June 1927, the Dewan referring to the heavy interest and sinking fund charges of the 7 per cent loan of 1931, mentioned the possibility of floating early a conversion loan on favourable terms. Schemes for floating a loan were considered during the latter part of 1927. The Government of India had floated that year a short term loan at 4 per cent issued at Rs. 94-8-0 and it was a partial success. This was the lowest rate at which they had floated a loan for several years past. Our 6¼ per cent loan was commanding a good premium though the demand for it was not found to be universal. Money rates were going down and it was thought desirable to wait for some time more for issuing a public loan and in the meanwhile to start a scheme of fixed deposits which though non-negotiable possessed many of the advantages of a Government security and could therefore be used as a feeler to test the mental attitude of the public towards our borrowings. In G. O. No. 5520-88—G. F. 85-27-4, dated 11th January 1928, the detailed rules for receiving at all the State Treasuries the five year five per cent Savings Bank Fixed Deposits, were sanctioned. The investors in the deposits were promised the facility of investing the amount of the deposits at par in any future long term loan to be floated by Government. Arrangements were also made for remitting the interest to holders outside the State. Though the scheme was not advertised outside the State, it proved fairly popular and by the end of December 1928, *i.e.*, within a period of about eleven months, more than Rs. 30 lakhs had been received. In 1929, however, money rates stiffened. In June 1929, though the Government of India floated a loan at 5 per cent issued at rates which gave a yield of about 5·4 per cent it was not a complete success. On the 15th July 1929 (*vide* Government of India Notification No. F. 13 (6)—F. 29, dated 15th July 1929), the Government of India lowered the issue rate of their post office cash certificates so as to increase their yield to about 5¼ per cent compound interest. On 26th August 1929, I interviewed the Secretary and Treasurer, Imperial Bank of India, Madras and he said that we were too late to float a loan then and that

the best time would be sometime after next May either before or after the Government of India Loan was floated and that as money rates were stiffening, we might have to pay an effective rate of 5½ per cent. As money market conditions were not favourable, the question of raising a public loan was postponed in 1929. As it was considered undesirable to wait till 1931 when the 7 per cents fell due for repayment, it was decided to raise the loan in 1930. In his budget speech delivered before the Assembly in June last, the Dewan announced that Government had decided to enter the money market as soon as the conditions were favourable and to invite subscriptions both in cash and by tender of 7 per cent loan bonds and five year deposits. A sum of Rs. 1 crore net was also shown in the receipt side of the Ways and Means Budget.

II. Time of Floatation.

It was decided to publish the terms of our loans on 11th August 1930, soon after the Government of India loan list was closed and to receive subscriptions from 15th August 1930, this being the date on which 6 per cent Government of India Bonds of 1930 fell due for repayment. The loan was kept open till the end of October 1930, *i.e.*, for a period of two and half months. Due to several causes, however, the time of floatation proved to be very unpropitious. A little prior to the issue of their loan, the Government of India had discontinued the issue of Treasury Bills, and it was thought that they would not issue them for some time more. But on the very next day after their loan list closed, *i.e.*, on 7th August 1930, they called for tenders of 2 crores of bills and these were accepted at comparately high rates, the six months bills yielding as much as Rs. 4-14-0 per cent. Throughout the period our loan was on offer, Treasury Bills continued to be issued and were being taken up in large quantities. Early in September 1930, the Port Trust of Calcutta arranged privately for issue of a 5 to 10 year loan of 60 lakhs bearing the high rate of interest of 6¼ per cent. On the 15th September, the Government of India notified (*vide* their Notification No. F. 3 (XIV) F.—30, dated 15th September 1930) a still further lowering of the issue rate of their post office cash certificates so as to yield 6 per cent compound interest. On 18th September 1930, the Bombay Municipality announced the issue of a Debenture Loan of Rs. 50 lakhs with a currency of 20 to 30 years and bearing 6 per cent interest. Widespread trade depression and unsettled political conditions, particularly in Bombay, were also unfavourable conditions for the success of our loan. In spite of all these factors, our loan has been a success, though owing to them, the flow of subscriptions was retarded obliging us to keep it open for the full 2½ months, while under more favourable conditions we might have received the required amount in a much shorter period.

III. Preliminaries to the Floatation.

(*a*) *Feelers in the Press.*—Though the fact, that we intended to float both a cash and a conversion loan early, was mentioned in the Dewan's address to the Assembly in June, it had not received sufficient publicity. It was therefore necessary to intimate this fact to such of the public as were disposed to go in for our loans in preference to those of the Government of India, who but for such an intimation might invest all their funds in the Government of India loan which was expected to be floated towards the end of July. A brief note showing our intention as in the margin was approved by Government and despatched to all the important holders of our 7 per cent bonds, to the Banks and brokers and to a few important individual persons. At the same time, the correspondents of a few important newspapers were requested to give publicity again to the Dewan's announcement. A Press Note had to be issued on the 1st August 1930 as some papers published what purported to be the likely terms of our loans. The Press Note made it clear that the terms had not yet been settled. On the 25th July 1930, a circular was

As announced by the Dewan of Mysore in his Address to the Representative Assembly which met last month, the Government of Mysore propose to raise a loan which will provide for cash subscriptions as well as for conversion of the Mysore 7 per cent Loan Bonds due for repayment on 1st November 1931. The terms of this loan will be announced shortly. The holders of the 7 per cent bonds will therefore have an early opportunity for re-investment.

issued to all the important holders of our 7 per cent and 5½ per cent (taxable) bonds that they might send their bonds to this office for examination and certification of endorsements, as it would help them to obtain new loan notes at the treasury or Bank directly against tender of old bonds or in any case, facilitate repayment of principal, if the holders decided not to convert them. These circulars and press notices severed to a certain extent to prepare the public for an announcement of our new loans. On the 23rd July, the Government of India notified the issue of a short term loan bearing 6 per cent interest

(*b*) *Office Preparation.*—As it was known that we would enter the market and float immediately after the expiry of the period of subscription of the Government of India loan and that there would be only a short interval between the date of final settlement of the terms of the loan and the date on which subscriptions would be actually received, we had to make all arrangements beforehand and be prepared to the utmost extent possible. Accordingly, the draft copy of the prospectus to be issued and the drafts and skeletons of all circulars, forms and calculation tables required for use by the treasuries, banks and this office were got prepared leaving blanks wherever necessary. The border and ground work of the bond forms to be printed were approved by the Dewan and 25,000 bond forms which were expected to be required in the beginning were got printed with the border and ground work so as to be dry and ready to take on the matter immediately the detailed terms were settled. A list of the important holders of our 7 per cent bonds and 5½ per cent (taxable) bonds was compiled with reference to the interest vouchers so that copies of our notifications and circulars might be sent to them. Sanction of Government was obtained for the necessary establishment required and for the probable charges to be incurred for advertisements, printing and other contingent charges. Necessary office accommodation for the extra staff was also arranged for.

(*c*) *Training of Staff.*—The officials who were drafted from other Sections of this office to the new loan work were provided with copies of the Mysore Securities Manual and required to make themselves familiar with the rules. They were asked to visit for some time each day the State Loan Section and to get acquainted with the work of that Section.

(*d*) *Conveniences to the Public.*—For the convenience of the investing public who might come either to this office or the State Huzur Treasury, a tent was got pitched up on the oval ground to the south of the Treasury and waiting accommodation and writing materials were provided. Copies of the Notification, application forms and relevant papers were placed on the table and an official was made responsible to help the investors in writing up the applications or solving their doubts, etc.

(*e*) *Enquiry regarding a Sterling Loan.*—An enquiry was made of Messrs. Coutts & Co., about the possibility of floating successfully a Sterling Loan in London. But the terms mentioned by them as regards the probable rate of interest, the charges for underwriting, banks commission and brokerage were so unfavourable, that the idea was given up.

IV. Terms of the Loans.

(*a*) *Rate of interest, issue rate, and yield.*—Though there could be no real comparison between a loan of such a short period as three years, and the loans which we issued, yet when the Government of India floated a 5 per cent loan at par, we had to give the investors something which would strike any one as not very far from it. The 5 per cent loan issued at Rs. 95, per Rs. 100, face value with a long duration of 25 years, gives a yield of Rs. 5-6-6 per cent which is about the same as that of the Government of India loan after deducting income-tax. A slightly higher yield, namely 5½ per cent was allowed to the bonds of 1938 on account of their short term duration. These were issued at par bearing interest at 5½ per cent. Unlike the previous occasions when we were allowing a higher rate of interest on our loans than that on the Government of India loans issued at the same period, the only additional advantages we gave to the investors this time were :—

(i) the comparatively long duration of our loans and (ii) the certainty that any future increase in income-tax will not affect the holders as the loans were free both of Mysore and Government of India income-tax. I have to add in this connection that there were a number of people who expected that we would give

something more than the Government of India, *i.e.*, a rate of interest higher than 6 per cent to whom our 5 and 5½ per cent loans came as a great surprise. Some of them were doubtful about the success of the loan. To them it should have been a greater surprise to find that not only did we get the sum of Rs. 3 crores mentioned in the notification in a short time but the revised limit of Rs. 4 crores was also over-subscribed within the period originally fixed.

(*b*) *Duration of the loans.*— As the period of maturity of a ten year short term loan would have coincided with that of the 6¼ per cent loan a term of eight years was given to the 5½ per cent loan. The duration of the long term loan was extended to 25 years so as to make it more acceptable to the class of investers who go in for long term investments. It was not considered desirable to have the option to discharge the bonds after a certain minimum period, as it would have introduced an element of uncertainty and made the loans less popular and so, definite dates for repayment were fixed.

(*c*) *District bias given for subscription to the long term loan.*—Two special benefits were provided in the notification in favour of subscription to the long term loan :—

(i) The bonus allowed for conversion of 7 per cent bonds before the end of August 1930 to the long term loan was 6 annas on every one hundred rupees of 7 per cent bond, as against only 4 annas in the case of conversion to 5½ per cent short term bonds.

(ii) The brokerage allowed on subscriptions amounting to a lakh and more tendered before the end of August 1930 was 4 annas per cent for subscriptions to the long term loan while only 3 annas per cent was allowed in the case of the short term loan. It is gratifying to note in this connection that the percentage of subscription to the long term loan this time is 38·7 per cent as against only 13·5 per cent in the year 1921.

(*d*) *Special features of this year's notification.*—(i) Reference has already been made to the bonus allowed on the conversion of 7 per cent bonds before the end of August 1930. The bonus was given with a view to induce the holders of 7 per cent paper to subscribe quickly to the New Loan by giving them all the interest which they would have got, if they had held on to the 7 per cents till the date of their repayment in November 1931.

(2) The interest paying treasuries and banks were allowed to issue new loan notes over the counter in specified classes of conversion cases also, where the title was clear, *e.g.*, bonds which were not included in the list of stopped notes and on which there were no endorsements or where the last endorsement was by the Dewan, Comptroller or a Treasury Officer or where the endorsements were certified either by this office or by a Public Debt Office in British India or where Savings Bank Fixed Deposits were tendered. For 434 cases of conversion amounting to Rs. 30,29,500 bonds were thus issued by the treasuries and banks themselves and the public were able to get the new loan notes, accrued and advance interest much earlier than they would have got, if the cases had been sent up to this office.

(3) According to an undertaking given at the time of issue of the 5 per cent Savings Bank Fixed Deposits and the 5 per cent Akkihebbal Bridge Debentures, we had to accept these for conversion to the long term loans at par, and this was provided for in the Loan Notification.

(4) Bonds of the denomination of less than Rs. 100, were not issued with the result that the amount of work to be done in this office, the treasuries and banks was correspondingly reduced. The State Loan Department and the treasuries will have a relief to this extent in future also while paying interest and conducting other items of public debt work. At the same time the loans do not appear to have suffered in popularity.

(5) A fewer number of Banks were entrusted with the work of receiving applications, as there was nothing to be gained by unnecessarily multiplying their number beyond the possible requirements of investors.

(*e*) The loan notification permitted the conversion of the 5 per cent Fixed Deposits only to the 5 per cent Loan and not to the 5½ per cent Bonds. Many persons who would have been willing to convert into the latter but not to the former were thus prevented from participating in the loan and only 30 lakhs out

of 71 lakhs were tendered for conversion. Considering that in some respects the 5 per cent Loan was a better form of investment than the 5½ per cent Bonds and some cash subscribers deliberately chose the former in preference to the latter, there would have been no harm if Government had given a free choice to these depositors to invest in either loan, in the same way as subscribers in cash. If the two forms of the loan were considered as of equal value for cash, they should have been similarly regarded for the conversion of the Fixed Deposits also. If such a free choice had been given, most of the five year Fixed Deposits would have certainly been converted into the new loans and the portion tendered for the 5 per cent might not have been less than what it is at present. By restricting the opportunity for conversion, a large amount of the 5 per cent deposits has been left unconverted. In regard to the terms of conversion offered for the 7 per cent Bonds of 1931 it is to be stated that the terms of the notification did not offer any special inducement for tendering them as quickly as possible in the months of September and October. On the other hand the terms were such that the person who tendered earlier would lose more and the person who tendered on the last day would have received the greatest benefit. In this respect the terms of the Notification are to be regarded as not quite perfect and this may account partly at least for a large portion, over 50 per cent, of the 7 per cents being left unconverted.

V. Issue of the Notification, etc.

(*a*) The terms of the loan as finally settled were made known to the State Loan Department only late in the evening of 6th August 1930 and it had been decided to publish the notification, so as to reach all parts of India simultaneously on 11th August 1930. The necessary corrections were made in the Loan Notification and advertisement forms and they were all punctually despatched according to a programme drawn up so as to reach all parts of India on 11th August 1930. Notification copies were sent to a large number of private persons, brokers, Bankers, Banks, Insurance Companies, Government of India and Local Treasuries, Municipalities, District Boards, Newspapers, Important Offices, Officers, European and Indian Clubs, Hostels, Coffee Clubs, Public Libraries, Masonic Lodges, Lal-bagh, etc. Poster copies were also sent to all Amildars, Banks, Treasuries and public and semi-public institutions with a request that the same might be exhibited at prominent places. Within a short period of 3 days, nearly four thousand covers were despatched all over India. We thus did ourselves this portion of the advertisement without leaving it to the Brokers. By making special arrangements and making the whole Section do this work till late into the night, this difficult work was done simultaneously with the equally pressing work of printing and despatch of new loan scrips, registers and forms to the treasuries and banks so as to reach them before 15th August 1930. This latter work was also done in time and nearly 15,000 new loan scrips were got printed, serially numbered, made out in favour of the treasuries and banks, registered and invoiced for despatch along with other forms and registers required for immediate use, so as to reach the various places punctually on the 15th of August, from which date subscriptions were received.

(*b*) *The Press.*—Such a rush of heavy work naturally put considerable strain on the Press, and the Superintendent, Government Press, was kind enough to make adequate arrangements and cordially co-operate with us in getting through all our work throughout the Loan period. Duplicate dies containing the signatures of the Dewan and Comptroller were got prepared so as to have the bond forms printed simultaneously on two machines. Two more numbering machines were purchased and put to use for numbering the bonds. At one time during the rush period, a little anxiety was caused by the contemplated strike of the Press employees which, however, fortunately did not actually come off. In this connection, I have to state that at least an interval of one week is required between the date of notification and date of receipt of subscriptions, so that there may be an equal distribution of work and we may be prepared for all eventualities.

(*c*) *Paper and Design of the Bond Forms.*—As it was necessary to settle the quality and kind of paper to be used and stock it in sufficient quantities in time, this matter was taken up well in time and it was decided to use the special water-marked paper which was specially manufactured for this purpose in England and supplied to us in 1923 through Messrs. Wilson & Co., of Madras.

(*d*) *Bond Forms printed, sent to Treasuries and Banks and returned.*—The initial quantity of 25,000 pieces which was got printed, had to be supplemented by a further lot of about 12,000 pieces. We have in addition got about 3,000 pieces with the border and ground work only printed, the total number of pieces sent to the press being 40,000. All these have been correctly got back with only 52 of them spoiled during the various processes of printing. Of the 40,000 pieces, 24,000 were printed for the 5½ per cent Bonds of 1938 and 16,000 for the 5 per cent Loan of 1955. Out of the printed lot, we have on hand unissued 8,334 pieces in addition to the 3,000 which are printed only with border and ground work. The number of pieces issued by this office for cases dealt with by us is 6,429. The balance represent the number of pieces sent to the treasuries and banks for issue by them. The total number sent to treasuries and banks, the number returned unissued by them and the percentage of returns to issues made by them are 21,338, 4,434 and 26·2 per cent as against 49,955, 34,212 and 217·9 per cent in the year 1921. Out of the returns this time the Imperial Bank of India, Bombay alone is responsible for 1,238 pieces out of a large stock which it obtained by telegraphic indents towards the close of the loan period. The returns from treasuries amount to 2,483 pieces. All the small taluk treasuries were supplied with bonds of only Rs. 4,000 in value in each loan, 10 pieces of Rs. 100 value, 4 of Rs. 500 and 1 of Rs. 1,000 and a number of them have returned the entire lot intact.

VI. (*a*) Advertisement in newspapers.

This work was entrusted to the Publicity Officer who was in a number of cases able to get the work done at lesser rates than what would have been charged for direct orders from us. In all the costly papers the space taken for advertisement was only ¼ page and less. But the number of insertions was increased. In addition we had a number of short notices of only 2″ to 3″ inserted in the several papers. The dates of advertisement were so distributed that the papers in the same place usually got the advertisements on different dates. The cost on account of advertisement in the newspapers amounts to Rs. 8,342 as against Rs. 28,858 in the year 1921.

(*b*) *Poster Advertisement.*—A special feature of this year's advertisement was the use of large size, 22″ × 30″, wall posters printed in attractive colour and bold type. These were sent to all the Amildars, all local and some important outside treasuries all the branches of the Imperial Bank of India, other important banks, a number of public and semi-public institutions, clubs, libraries, etc., with a request that the same might be exhibited at prominant places. Four hundred copies were exhibited for a period of one month through the agency of bill posting companies in Bombay, 200 in Madras and 250 each in Mysore and Bangalore Cities. In addition 100 copies were exhibited on the Corporation Electric posts in Madras. The total cost on this account comes to Rs. 781.

VII. Final Results of the Loan.

(*a*) *Day to day progress.*—I send herewith charts which show the progressive as also the day to day receipt of subscriptions, the face value applied for under 5 per cent loan of 1955, 5½ per cent bonds of 1938 and the total, being indicated by differently coloured lines. The charts clearly show (i) the relative receipts under the two loans, (2) the heavy receipts in the beginning indicated by the quick rise in the lines, the line of 200 lakhs having been crossed within 17 days on 1st September 1930, (3) the effect of the differential rates of bonus and brokerage which have kept the 5 per cent line above that of the 5½ per cent loan from 18th August 1930 to 3rd September 1930, (4) the subsequent falling off under 5 per cent (5) the comparatively flat portion of the lines towards the end of September and in the beginning of October indicating low receipts and (6) the sharp rise in the lines towards the close of the loan period.

(*b*) *Details of Receipts.*—The total subscriptions amount to Rs. 4,15,94,500, Rs. 2,54,80,100 being subscribed for 5½ per cent Bonds of 1938 and Rs. 1,61,14,400 under 5 per cent loan of 1955. The percentages of subscriptions under the two loans to the total are 61·25 per cent and 38·75 per cent respectively. Statement A sent herewith shows the details of receipts under cash and several items of conversion:

The figures relating to the adjustments made in this office on account of the investment of Muzrai funds, personal estate account balance, District Board Railway cess deposits, etc., which on the whole amount to Rs. 17·2 lakhs have been separated from the cash receipts. Similarly the discount on 5 per cent loan of Rs. 8·05 lakhs and premium, bonus and interest, etc., invested which amount to 2·87 lakhs have also been shown separately. The cash figure of Rs. 226·5 lakhs, however, includes the investment by withdrawal of ordinary Savings Bank Deposits which may roughly be taken to be Rs. 17·5 lakhs on the basis of the transactions of previous years during this period. Against this short receipt we have already realised in cash the Treasury Bills amounting to Rs. 5·25 lakhs and the fixed deposits in the Banks amounting to Rs. 5·9 lakhs are being realised. Six per cent Government of India Bonds of 1933-36 of the value of 11·12 lakhs, and 1931 and 32 bonds of the value of 3·14 lakhs were tendered as subscription to our Loan. The conversion under both 7 per cent loan and the Savings Bank Fixed Deposits is less than even half of the outstanding balance in each case. While there may be a number of people who hope to get better rates of interest by investing next year the proceeds from the 7 per cent loan, when it is repaid in 1931, or who want their money back in cash the small investment of the 5 per cent Savings Bank Fixed Deposits shows that there is a class of investors who prefer to have this form of investment even at a less rate of interest on account of its very short period of maturity.

(*c*) *Analysis by Banks and Treasuries, etc.*—Statements B (B to B 3) shows an analysis of the number of applications and the amount of the subscriptions received directly at this office and the treasuries and banks. The total subscriptions, received at the several Banks amount to Rs. 2,79·3 lakhs which is 67·2 per cent of the total. The subscriptions received by the treasuries amount to Rs. 38·9 lakhs or 9·4 per cent of the total as against 13·6 lakhs and 6·04 per cent in the year 1921. The direct receipts at this office amount to Rs. 84·5 lakhs or 20·3 per cent of the total as against Rs. 32·3 lakhs and 14·4 per cent in 1921. The balance of 13·3 lakhs has been subscribed by Government servants under the advance scheme, etc., to which detailed reference will be made later. The receipts at this office and the Mysore Bank have been further analysed according to the districts of the State to which they pertain and the total from outside the State and statement C shows the districtwar distribution of the total receipts of Rs. 145 lakhs from within the State which is 35 per cent of the total receipts.

(*d*) *Analysis by Value of Applications.*—Statement D shows an analysis of the applications according to their number and amount in each class. Class I is for all applications less than Rs. 1,000, class II for all for Rs. 1,000 and above but less than Rs. 15,000, class III for Rs. 15,000 and above but less than Rs. 1 lakh and Class IV for Rs. 1 lakh and above. These classes roughly correspond to the status of the applicants under lower middle class, upper middle class the rich persons and the very rich respectively. The statement (*vide D2*) also shows the names of persons and institutions who have subscribed more than Rs. 5 lakhs. The average amount for each application is Rs. 8,319 as against Rs. 3,265 in the year 1921. The large average figure is due to the fact that while the subscriptions received this time are nearly for twice the amount received on the last occasion, the total number of applications is actually less by 1918, which is due to a great extent to the non-issue of bonds of smaller denominations than Rs. 100. Among the large subscribers may be mentioned the Cochin and Travancore Government which subscribed the sums of Rs. 28,81,500 and 9,59,100 respectively

VIII. Banks.

Subscriptions were received at all the Head Offices and Branches of the Imperia Bank of India, the Head Office and Branches of the Bank of Mysore, Ltd. The Indian Bank, Ltd., Madras and the following five banks in Bombay:—1. The Central Bank of India, Ltd, Bombay, 2. The National Bank of India, Ltd., Bombay, 3. The Bank of India, Ltd., Bombay, 4. The Eastern Bank, Ltd., Bombay and 5. The Mercantile Bank of India, Ltd., Bombay. All the Banks readily agreed to co-operate with us in regard to the floatation of our loan by arranging to receive the subscriptions and delivering the bonds and rendering to us the necessary accounts in the same manner as they did during the year 1921. The Imperial Bank of India, Bangalore, however could not see its way to allow us to receive its fixed deposits

for conversion to our loans. In view of the opinion given by the Legal Remembrancer recently regarding the validity of accepting the fixed deposit receipts without a regular assignment deed duly executed and stamped, a simpler procedure for accepting them for conversion to our future loans will have to be devised. The amount received under this head, Rs. 5·9 lakhs, is after all very small being only 1·4 per cent of the total receipts. Throughout the loan period the Banks have shown their readiness to supply us with all the required information. The Imperial Bank of India, Bombay, with its Branches secured the largest amount of subscriptions to the extent of Rs. 87·98 lakhs or 21·2 per cent of the total. The other Banks in Bombay have given us Rs. 53·59 lakhs or 12·9 per cent of the total subscriptions. The Imperial Bank of India, Madras, with its Branches (other than Bangalore) has contributed Rs. 31·8 lakhs or 7·6 per cent of the total. The subscriptions received through the Bank of Mysore, Ltd., is Rs. 56·6 lakhs, *i.e.*, about 10 lakhs less than the subscriptions during 1921. Concessions to the public for subscribing under an advance scheme were given by this Bank. Ninety per cent of the face value of the bonds was advanced at 5¼ per cent interest, repayment being made in 18 monthly instalments. The Bank was allowed to keep the sums so subscribed under advance scheme for a period 18 months during which the advance was being repaid. The Bank's scheme was advertised at Government cost in a few important newspapers. When the loan became a decided success and a large sum over (Rs. 20 lakhs) was received under the Bank's Advance Scheme, the Bank was informed that the amount received under the Advance Scheme which would be left with the Bank would be limited to the amount subscribed for so far, and further applications under the Advance Scheme were not necessary. The two Indian managed Banks, the Indian Bank, Madras, and the Central Bank of India, Bombay, have each got for us substantial subscriptions amounting to Rs. 24·73 lakhs and 23·20 lakhs respectively. The National Bank of India, Bombay, and the Bank of India, Bombay, have also done well the subscriptions through them being Rs. 15·14 lakhs and 13·81 lakhs respectively. The Mercantile Bank of India, Bombay, was able to get only a few thousands. I am separately addressing some of the above Banks to let me know, if they have got any suggestions for our adoption in future loan operations.

IX. Treasuries.

The subscriptions received at the treasuries amount to nearly three times those received in the year 1921. The treasuries have on the whole been able to send us the returns without much delay and to deal with our correspondence satisfactorily. But in spite of elaborate and clear instructions, the number of mistakes committed by them especially by the Taluk Treasuries in dealing with issue of bonds is large and out of proportion to the comparatively small subscriptions received from them. In British India no subscriptions are received at Sub-Treasuries and even with regard to receipts at District Treasuries the bonds are issued in all cases by the Deputy Comptroller of Currency. It would be better and more convenient, if in future, we ask the Taluk Treasuries to merely receive subscriptions and the application, and pass on the latter to this office for issue of bonds and interest cheques. A list of the mistakes usually committed by the Treasuries has been prepared so that pointed attention may be drawn to them during future loan operations.

X. Arrangements made for Investment as the Cash Subscriptions were received.

Subscriptions realised in Cash.—The total realisations in cash including withdrawals from Savings Bank current accounts were Rs. 226·55 lakhs *vide* item No. 1 of Statement A—attached. The amount withdrawn from Government Savings Banks for subscribing to the new loans is not separately available; but the net withdrawals during the three months August to October have been more than the previous years' figures by about Rs. 18 lakhs. Out of this it may be taken roughly that 17·5 lakhs represents withdrawals for the new loans—indicating that to this extent

there was no real inflow of additional cash into the Treasury. How the balance of about 210 lakhs has been utilised is shown in the following statement:—

		Rs.
1.	Investments in Treasury Bills and Fixed Deposits	97 lakhs
2.	Net Revenue expenditure during the three months August to October 1930	27·61 „
3.	Capital expenditure during the three months August to October 1930 ..	13·33 „
4.	Net expenditure (estimated during November 1930)	10·00 „
5.	Net outgoings under Remittance heads such as Electrical and Railway Departments	2·27 „
6.	Net increase in cash balance—	
	Rs.	
	Balance on 1st December 1930 ... .. 97·66 lakhs	
	„ 1st August 1930 ... ... 41·00 „	
	Total ... 56·66 „	56·66 „
	Grand Total ...	209·87 „
	(or 210 lakhs roughly).	

Arrangements were made from time to time as the Bank balances increased to invest all surplus cash in the best manner possible. The following were the investments effected:—

	Rs.
August 1930—Fixed Deposit with Mysore Bank for one year	10 lakhs
Six months Government of India Treasury Bills	12 „
Total ...	22 „
September 1930—Fixed Deposit, Eastern Bank, Bombay, for one year	5 „
Three months Treasury Bills	40 „
Total ...	45 „
October 1930—Treasury Bills (3 months)	10 „
November 1930— „ „	20 „
Total ...	97 „

Out of the temporary investments referred to above about Rs. 52½ lakhs (as detailed in the margin) would be required for discharge of the 7 per cent Loan Bonds on 1st November 1931 and the balance will be reinvested as they are realised if the cash position at the time permits of such investments.

	Rs. Lakhs	Rs. Lakhs
Total 7 per cent Loan ...		195·56
Converted to new Loans	90·97	
Six per cent Government of India Bonds 1931 now held to be utilised for discharge of 7 per cent Loan	52·12	143·09
Balance ...		52·47

Out of the cash balance of Rs. 97·66 lakhs on 1st December, Rs. 20·6 lakhs relating to amount subscribed through the Advance Scheme of the Bank of Mysore have to be left with the Bank till the advances are adjusted, *i.e.*, for about 18 months and another five lakhs is to be permanently left with the Bank of Mysore and the effective balance in the Treasuries and Banks was only 72·06 lakhs which is just sufficient to meet the normal resource operations till the revenues are realised. Treasury bills and other temporary investments falling due in this period will again as far as possible be reinvested as referred to above. It is not necessary to attempt to find temporary investments for short periods—less than 2 months—for which, portions of this amount may be available for investment as over 4 per cent interest can be expected on the minimum balances in the Imperial Bank, Bangalore and the Bank of Mysore, during the months of January, February and March.

In addition to the realisation in cash, as detailed above, the following receipts aggregating 25·41 lakhs tendered in the shape of Fixed Deposit in Banks, Treasury

Bills and Government of India securities may also be regarded as equivalent to cash received and reinvested automatically. It will thus be seen that all surplus cash was profitably invested for long or short periods as the case may be—

	Rs.
Government of India Bonds 1931	2·05 lakhs
Do 1932	1·09 ,,
Do 1933-36	11·12 ,,
Government of India Treasury Bills	5·25 ,,
Fixed Deposits of Mysore Bank	4·47 ,,
Do other Banks	1·43 ,,
Total ...	25·41 ,,

XI. Special concessions given for investment this time.

(*a*) *To the Public.*—For amounts withdrawn from the Savings Bank Accounts for investment in the new loans, interest at 3½ per cent upto the date of withdrawal was allowed, while for ordinary withdrawals, interest would not have been paid for fractions of a month. Holders of Savings Bank Fixed Deposit receipts were allowed to tender a portion of the deposit receipt to the new loans, a new receipt bearing interest from the same date as the old one being issued for the balance. The concession of investment of the amount of early maturing policies held in the Public Branch of the State Life Insurance Scheme is referred to under item No. (*b*) (3) below.

(*b*) *To Government Officers.* (1) *Advance Scheme.*—The period of repayment of advance has been extended to 30 months, the monthly rate of repayment being 3 per cent as against 4 per cent in 1921. The initial deposit was raised to 5 per cent and 10 per cent in the case of the 5 per cent and 5½ per cent loans respectively and officers were allowed to tender towards the initial deposit, amounts available in their provident fund accounts, (this being treated as an advance from the provident fund repayable in 24 monthly instalments). Seven per cent bonds held in the provident or elsewhere by the officer were also allowed to be tendered towards the initial deposit, the cash equivalent in the case of 7 per cent bonds held under the provident fund being treated as an advance repayable in 24 months. Further during the period of repayment of an advance taken under the above scheme, optional subscribers to the Provident Fund were allowed to discontinue their monthly subscriptions to the later. The number of applications and amount received under the advance scheme this time are 501 and Rs. 4,65,800 as against only 167 and Rs. 1,27,067-12-0 in 1921.

(2) *Provident Fund.*—For withdrawal from Provident Fund for investment in the New Loans interest at the usual rate of 5 per cent was allowed upto the date of investment. Advances from the Provident Fund for purpose of investment in the new loans were also allowed, the advances being repayable in 24 months. Further, optional subscribers to the Provident Fund who invested their balances in the new loans were permitted to discontinue their monthly contributions to the Provident Fund, so long as they had also to repay any house building or motor car advance taken by them. The number of applications and amount received under the Provident Fund Scheme are 161 and Rs. 4,97,400 as against only 51 and Rs. 44,275 in 1921.

(3) *Life Insurance Scheme.*—The benefit of investing the amount of policies maturing before the end of the calendar year 1933 was extended to the policy holders under the Public Branch also. The total number of applications under the Life Insurance Scheme and amount received are 79 and Rs. 3,62,800 of which 7 applications for Rs. 14,900 relate to investment from the Public Branch.

XII. Brokers and Brokerage.

(*a*) The ordinary rate of brokerage allowed this time was ⅛ per cent as against ¼ per cent in 1921. Increased rates at ¼ per cent and $\frac{3}{16}$ per cent were however allowed in special cases where the subscriptions to the 5 per cent and 5½ per cent Loans respectively were received before 31st August 1930 and amounted to over

a lakh. Reference has already been made to the effect of allowing these differential rates of brokerage on the amount of subscriptions received. The average rate of brokerage paid to brokers and Banks other than the commission paid to Banks who conducted our loan work, is 2 annas 4 pies per cent on the total amount subscribed through them.

(*b*) A special feature this year in this matter is the recognition as special canvassers to the loans a few select State Life Insurance Helpers and others. The subscriptions received through these people compare very favourably with those received through recognised brokers who are in the trade. One such special canvasser Messrs. N. M. Yajaman & Sons, has come out second in the list of Brokers, his subscriptions amounting to Rs. 7,76,700. In view of the good work done by the special canvassors Government were pleased to allow them the usual rates of brokerage instead of half the rates which were sanctioned in the beginning. It augurs well for the establishment in future of a stock exchange in Mysore that some of these special canvassors, encouraged by their success, have taken up to dealing in securities as part of their profession. The first place in the list of brokers is occupied by Messrs. Croft and Forbes of Madras. This firm took much interest in issuing their own circulars to a large number of their clients regarding our loans. They expected to definitely take about ½ crore of the loan but the amount which was actually received through them came only to Rs. 11,69,900. The floatation by the Government of India of a 6 per cent loan apparently affected their anticipations very much. But still they have done well and their work requires recognised. In our advertisements in the Madras and Mysore papers we mentioned the firm as one of those to whom enquiries regarding our loans might be addressed. The total charges for brokerage amount to Rs. 16,993 to which has to be added the commission of Rs. 60,827-7-0 paid to the Banks who were authorised to receive applications. The total charge on account of commission and brokerage is Rs. 77,820-7-0 this time as against Rs. 94,403-3-6 incurred in 1921.

XIII. Work done by this office and Establishment Arrangements.

(*a*) Four hundred and ten applications amounting to Rs. 84·48 lakhs were received in this office direct from the parties, and 741 applications for Rs. 13·26 lakhs received under the Advance Scheme, Insurance Scheme and by subscription of Provident Fund Balances, were entirely dealt with by this office. A few brokers who write to us in the matter were requested to send the applications direct to us with a view to avoid payment of double brokerage. As shown in Statement B, 739 applications amounting to Rs. 94·29 lakhs were forwarded by the Treasuries and Banks to this office for issue of bonds and interest cheques. Even in the other cases where bonds were issued by the Treasuries and Banks, the work involved on this office is in no way less as for each bond issued in favour of a party or a treasury the same formalities will have to be observed and all issues and payments have to be carefully audited. A reference has already been made to the very short period available for revising the forms and circulars, for issuing the Notification, and printing and despatching bond forms and circulars, etc., and to the satisfactory manner in which this work was done. The remaining work also has been completed in a satisfactory manner in a comparatively short period. The major portion of the work was complete within one month after the loans were closed for subscription, *i.e.*, by the end of November 1930 and the extra establishment has been gradually disbanded from 1st December 1930, and on the day this Report is submitted to Government, *i.e.*, 20th December 1930, all the extra men have been taken back. The magnitude of the work this time was twice that in 1921 but it was completed within a period of four months and 20 days as against a period of six months and 11 days during the previous loan operations as mentioned in my letter No. 3365—S. L., dated 27th June 1930.

(*b*) *Accounts.*—The following reconciliations have been effected:—

(1) The face value of bonds issued by the Treasuries and Banks with the stock of bond forms consumed by them, *viz.*, the difference in the number of bonds of the various denominations sent to them and returned by them.

(2) The total issues made by this office with the value of the bonds which were issued to the office.

(3) The total issues with the credits received from the Treasuries, Banks or directly by us either in the shape of cash or conversion.

(4) The total credits with the credits as finally booked.

(5) The value of securities received for conversion with the actual securities on hand and with the debits to the concerned accounts.

(6) In the case of the Mysore Government bonds received for conversion, with the total number of entries which have been cancelled in the Interest Audit Registers.

(7) And for the total issues under both the new loans with the total number of uncancelled entries in the Issue Registers of the several denominations.

The above multifold reconciliations are necessary as any small difference at this stage may prove to be very difficult to be traced later on, as has happened in the case of the 7 per cent Loan. The broadsheet for the loans for October 1930 has been posted and all the differences reconciled. This report could have been sent earlier to Government but for our waiting till the reconciliations above-mentioned were all effected. We did not contemplate that advance or broken interest or the bonus given for the 7 per cent bonds would be allowed to be added on to the Cash or Cash Value of the bonds tendered as subscription to the New Loan and when Banks allowed this to be done, it became necessary for us to separate the interest and cash bonus and adjust them involving some additional accounting work.

(c) *Establishment Arrangements.*—It was necessary to find men who had the knowledge of State Loan work to do both the current work as well as that of the new loans. As the number of men available was limited the existing men in State Loan Section were asked to do new loan duties in addition to their current work. As already stated above, the fresh men that we taken from other Sections were required to study the State Loan Section work. It was considered undesirable to engage raw hands for this work and hence experienced men from other Sections were taken, fresh hands being engaged in their places. The pooling of the available resources of the State Loan Section with those of the new arrivals has enabled us to handle this time, the heavy work connected with the New Loans, in addition to the current work of the Section, satisfactorily and in a short time and some extra remuneration for their hard and overtime work has been paid to them as per report separately submitted to Government. The extra cost on account of Establishment this time amounts to Rs. 4,252 as against Rs. 6,003 incurred during the year 1921.

XIV. Expenditure incurred.

Statement E shows the expenses incurred in connection with the New Loans as also the advance interest, etc., paid. Reference has already been made to the expenses incurred under advertisement, brokerage and establishment charges. For purposes of comparison the charges incurred in 1921 are shown in juxtaposition. It will be seen that the operations have been concluded this time at much less cost under each head than in 1921. I am submitting a confidential note about the commission paid to Banks.

XV. Effect on the Revenue Budget.

The loan operations have resulted in a net addition of about Rs. 11½ lakhs to the charges under the head "9 Interest" during the current year, against which, there is expected to be an addition of about 5 lakhs under the Revenue head IX Interest, on account of interest realised on investments of surplus cash in Fixed Deposits, Treasury Bills and Government of India Securities. In addition to this about 5½ lakhs being the interest on the securities held in the 7 per cent Loan Sinking Fund Investment Account will be credited under "IX Interest" as the fund will be released due to discharge of the loan on 1st November 1931. The net result during the current year will therefore be a worseness of about Rs. 1 lakh in the Revenue Account as estimated in the Budget under interest receipts and payments. Out of the addition of Rs. 11½ lakhs to the expenditure Budget

referred to above, about Rs. 2½ lakhs represents bonus and premium on 7 per cent Bonds tendered for conversion, Brokerage, commission, etc., paid to the several Bankers and Brokers, and other miscellaneous items of expenditure such as Establishment, contingencies, advertisement charges, etc., which do not recur every year.

The general effect of the loan operations on the future Budget may be taken to involve an additional expenditure of Rs. 6¾ lakhs as noted below

		Rs.	Rs.
	Additions		
1.	Provision for interest to be paid on 5 per cent loan of 1955 and 5½ per cent Bonds of 1938	22·07	
2.	Annual provision for discount on 5 per cent loan of 1955 to be written off in the Revenue Account	·32	22·39
	Savings.		
1.	Savings in interest charges due to conversion of 5½ per cent Mysore State conversion loan of 1919-20	·6	
2.	Savings in interest due on the 7 per cent loan of 1931 to be discharged	13·69	
3.	Savings in the interest charges payable on the Government Savings Bank current and Fixed Deposit Accounts, Provident Fund, Tumkur District Board Railway Cess Deposits and State Life Insurance Fund, owing to withdrawals for conversion to the New Loans	1·91	15·66
	Net addition ...		6·73

This addition is in consequence of the additional liability of 219 lakhs to the Loan Account. In the calculations referred to above the annual contributions on account of Sinking Funds are assumed to remain as they are as per order of Government.

XVI. Appreciation.

The thanks of Government are due to the several Banks who have co-operated in making our loans a success and I propose to communicate the same to them. I have already written to Messrs. Croft and Forbes, Brokers, acknowledging their services. Reference has already been made to the large subscriptions received from the Cochin and Travancore Governments, and to the co-operation and help rendered by the Superintendent, Government Press. The Publicity Officer and his Assistant have helped us much by the timely issue of Press Notes and the adequate arrangements made for advertisement. Messrs. K. Guru Dutt and N. Madhava Rao, Assistant Commissioners under training in this office, who had been previously required by me to make themselves familiar with the State Loan work, have helped the permanent Officer Mr. Y. Subramanyam, during periods of heavy rush of work and for one month from 20th August 1930, when the permanent Officer fell ill and took leave. They worked hard and well. The brunt of the loan work in this office fell on Mr. Y. Subramanyam and he has discharged it satisfactorily. From the initial stages of preparing the loan notification and forms to the last stage of completing the Accounts and submitting the final report, he has exhibited an intelligent grasp of his work and pains-taking devotion to do it expeditiously and in a thorough manner. Special mention is necessary of the good work done by the staff engaged on the New Loan work without whose enthusiastic co-operation and willing work late into the nights and on a number of Sundays and Holidays, the satisfactory handling at each stage of the enormous work involved and the early completion of the same would not have been possible.

XVII. Conclusion.

The great success of the loan in spite of the adverse conditions and apprehensions referred to by me earlier in this Report is an indication of the credit which our Government commands outside the State and the popularity of our securities.

A well organised State Loan Section doing its work on proper lines has also served to build up a certain amount of good-will in favour of our securities. But there are still several disabilities against which our securities have to contend. There is no stock exchange in Mysore and our securities have still to get quoted officially in the Bombay Stock Exchange Reports. Interest on our securities is not paid in Sub-Treasuries of British India. The Government of India have not yet recognised our securities as Trustee Securities. The outside Co-operative Institutions have to obtain the sanction of their Registrars if they want to invest in our loans. There is no compulsion on the several Insurance Companies operating in Mysore to invest a portion of their local receipts in our Loans. Further there are legal difficulties in the way of our recognising the succession certificates, probates, guardianship certificates, etc., granted by the British Indian Courts. The gradual removal of these difficulties will serve to enhance the popularity of our securities.

I have the honour to be,
Sir,
Your most obedient servant,
S. SHAMANNA,
Comptroller.

MYSORE GOVERNMENT NEW LOANS 1930.

STATEMENT-(A)—Showing details of subscriptions.

	5 per cent			5½ per cent			Total		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
1. Cash (net) including withdrawals from Savings Bank Current Accounts.	54,95,709	2	5	1,71,59,515	10	10	226,55,224	13	3
2. Investments from the Muzrai Funds and Palace Personal Estate Accounts, General Investment Account, Tumkur District Board Railway Cess Deposits, etc.	9,94.365	3	10	7,23,799	9	6	17,18,164	13	4
3. Mysore State Loan Securities 7 per cent Bonds 1931.	40,25,575	0	0	50,71,437	8	0	90,97,012	8	0
6½ per cent Bonds 1941-51.	1,20,000	0	0	...			1,20,000	0	0
5½ per cent Mysore taxable loan 1929-44.	1,05,700	0	0	...			1,05,700	0	0
4. Mysore Government Savings Bank Fixed Deposits.	29,74,340	0	0	..			29,74,000	0	0
5. 5 per cent Akkihebbal Debenture Bonds.	39,200	0	0	....			39,200	0	0
6. 6 per cent Government of India Bonds 1931.	1,13,000	0	0	91,900	0	0	2,04,900	0	0
Do 1932 ...	29,000	0	0	80,300	0	0	1,09,300	0	0
Do 1933-6 ...	34,500	0	0	10,77,200	0	0	11,11,700	0	0
9. Government of India Treasury Bills ...	5,00,000	0	0	25,000	0	0	5,25,000	0	0
10. Fixed Deposits of Mysore Bank ...	2,46,009	0	6	2,01,245	2	0	4,47,254	2	6
11. Do of other banks ...	69,700	0	0	73,100	0	0	1,42,800	0	0
12. State Life Insurance Bonus invested ...	1,70,905	0	0	1,82,900	0	0	3,53,805	0	0
13. State Provident Fund ...	1,40,972	12	3	3,40,483	8	10	4,81,456	5	1
14. Advance to be recoverded from Government Servants for investment under advance scheme.	99,750	0	0	3,16,044	0	0	4,15,794	0	0
15. 5 per cent discount on 1955 loan invested.	8,05.720	0	0	...			8,05,720	0	0
16. Premium, bonus, interest, etc., invested	1,49,953	13	0	1,37,174	8	10	2,87,128	5	10
Total ..	161,14,400	0	0	254,80,100	0	0	415,94,500	0	0

ABSTRACT OF STATEMENT B.

MYSORE GOVERNMENT LOANS 1930.

Analysis of subscriptions received by Treasuries and Banks.

Name of Treasury or Bank	5 per cent loan 1955	5½ per cent Bonds 1938	Total
	Rs.	Rs.	Rs.
Imperial Bank of India, Calcutta Circle including Branches.	5,89,200	13,55,700	19,44,900
Do Bombay Circle including Branches and other Banks.	42,39,700	99,17,800	1,41,57,500
Do Madras including Indian Bank.	22,18,500	16,21,700	38,40,200
Do Bangalore ...	89,400	4,25,100	5,14,500
Branches of the Imperial Bank of India, Madras.	2,64,800	15,48,400	18,13,200
Bank of Mysore, Ltd. ..	14,60,000	41,99,400	56,59,400
Comptroller's Office ...	49,99,700	34,48,800	84,48,500
State Huzur Treasury, Bangalore ..	6,04,800	6,69,700	12,74,500
Bangalore District ..	28,300	32,800	61,100
Kolar do ..	94,700	1,34,800	2,29,500
Tumkur do ...	1,01,600	37,200	1,38,800
Shimoga do ...	1,32,300	2,09,300	3,41,600
Kadur do ...	27,400	23,400	50,800
Chitaldrug do ...	1,04,000	6,86,200	7,90,200
Mysore do ..	6,42,200	2,16,200	8,58,400
Hassan do ...	77,400	68,000	1,45,400
Investment of State Life Insurance bonus	1,79,900	1,82,900	3,62,800
Do balances in State Provident Fund.	1,49,300	3,48,100	4,97,400
Do under the Advance Scheme.	1,11,200	3,54,600	4,65,800
Total ..	1,61,14,400	2,54,80,100	4,15,94,500

WD 446—GPB—100—27-10-31

To

The Comptroller to the Government of Mysore.

Sir,

I wish to subscribe to the No.(1) $5\frac{1}{2}$ % (2) 5% Mysore Government Loans of 1930 to the extent stated below in accordance with the terms of the scheme set out in Notification No. 11 dated 7th Aug 1930 and authorize you to make the necessary deductions from my pay bills for ~~24~~ 30 months from ... 1930 to ... . 1930. A sum of ~~xxx~~ rupees in (words) .... being the initial subscription of* ..... required under the scheme has been credited in cash to the Treasury at ..... as per certificate below:-

My present substantive pay is .....

(usual) Signature .....

Name (in full) .....

Station ..... Designation .....

Dated ..... Name of Office .....

Amount subscribed (1) in figures .....

(2) in words .....

Monthly instalment of recovery Rs ..... per month.

Details of Bonds wanted.

Denominations.	Number.	Total value.
100		
500		
1000		
5000		
10,000		

Note:- After obtaining the Treasury certificate of credit, this form should be sent direct to the Comptroller and an acknowledgment of its receipt should be obtained.

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* Score out the figures not required. P.T.O.

STRICTLY CONFIDENTIAL
&
IMMEDIATE.

5th August 30

H939/EL

Dear Mr. Puttaiya,

I enclose herein drafts of 3 Government Orders regarding the New Mysore Loan for being set in type.

Please send 3 proof copies of each before tomorrow evening.

Yours sincerely,

5/8

To
B. Puttaiya, Esq., B.A.,
Superintendent, Government Printing,
BANGALORE.

Proceedings of the Government of H.H. the Maharaja of Mysore.

ORDER NO: FL: 1077/G. Fn 6-30-4

Dated; Bangalore, the 11th Aug 1930.

Persons who have insured their lives in the Official and Public Branches of the Mysore State Life Insufance Scheme and whose endowment policies mature before 1st January 1939, will, if they choose, be permitted to take the whole or part of the amounts of their policies on their maturity in the form of either the 5 ~~xxxx~~ per cent loan of 1955 or 5½ per cent Bonds of 1938 announced in Notification No. 1076 GF. 6-30-3 dated 7th August 1930. The calculation of the face value of the loan Bonds to be delivered will be made with reference to the issue price.

The option allowed by this order should be availed of before the 1st November 1930.

Finl. Secy. to Govt.

To

The Comptroller

" Compiler, Mysore Gazette for publication.

3 draft

PROCEEDINGS OF THE GOVERNMENT OF H.H.
THE MAHARAJA OF MYSORE.

****

ORDER NO: FL: 1098/G.F.6-30-5

Dated, Bangalore, the 11th Aug.30

Government are pleased to permit the investment at the subscriber's option in either of the loans announced in Notification No. 1076 G.F.6-30-3 dated 11th Aug.1930 of balances to their credit in the State Provident Fund on the following conditions:-

(i) The whole or any part (specified by the subscribers) of their balances at credit on the 30th June 1930 together with interest thereon up to that date may be invested.

(ii) The loan bonds thus purchased on their behalf will be retained by Government and delivered to the subscribers on the date on which the balances due to them would become payable under the rules of the Provident Fund. The half-yearly interest on the loan bonds will as it accrues be credited to the subscriber's fund accounts.

(iii) Optional subscribers who avail themselves of the concessions allowed by this order, should not cease to subscribe to the Fund during the rest of their service.

(iv) Advances that can be obtained under the Fund Rules will, in the case of subscribers whose balances are invested in Loan Bonds under this arrangement, be calculated with reference to the uninvested balance if any to their credit

As suggested by the 3rd member, I have added the following qualifying words 'unless permitted by Government'

11/8

11/8

To

The Comptroller.
" Compiler, Mysore Gazette for publication.

27.7.30

Finl. Secy. to Govt.

3 drafts

NOTIFICATION. ~~H~~ 1099 & 11.8.30
G.76-30-6

The Government of H.H. the Maharaja are pleased to grant to their employees the concessions mentioned below to help them to subscribe to the Mysore Government Loans of 1930.

By Order,

1/8

31.7.30 Finl. Secy. to Govt.

To

The Compiler, Mysore Gazette.

Rules for the grant of advances to Government officers for subscribing to the Mysore Govt. Loans of 1930 announced in Notification No. 1076 GF 6-30-3 dated 11th August 1930.

1. On payment in cash of a deposit of 10% / 5% respectively of the face value of 5½ / 5% Loan Bonds required, Government will make an advance of 90% to intending subscribers not exceeding 6 months' pay. The value of Loan Bonds applied for under these rules should be a multiple of rupees 100.

2. Government will retain the Loan Bonds subscribed for by the borrower pending complete repayment of the advance obtained by him.

Mulk 11/8/30

3. The amount advanced will be repaid within thirty months by equal monthly instalments by deduction from pay.

4. If no pay or allowance is due to the officer in any month the instalment must be paid in cash.

5. Interest will be calculated at the rate of 5¼% per annum on the amount outstanding on the 1st of each month and charged half

yearly to the borrower. On the other hand, the borrower will be credited with the full interest realised on the loan bonds reserved for him.

6. Failure to pay any instalment will involve the charging of interest on the outstanding balance of advance at 7½% per annum.

7. On complete repayment of the advance Government will transfer to the borrowers the loan bonds and also furnish him with a statement of the interest account.

8. Applications from officers desiring to subscribe under this scheme should be made in the form attached which must be forwarded to the Comptroller not later than 31st October 1930. The deduction from pay will commence from the first pay bill drawn after the application is tendered.